

**ORIGINAL**

**IVY HALL NURSING**  
**HOME, INC.**

**CN1610-034**



# State of Tennessee

## Health Services and Development Agency

Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243

www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

### CERTIFICATE OF NEED APPLICATION

#### SECTION A: APPLICANT PROFILE

##### 1. Name of Facility, Agency, or Institution

Ivy Hall Nursing Home

Name

301 Watauga Avenue

Street or Route

Carter

County

Elizabethton

City

Tennessee

State

37643

Zip Code

Website address: \_\_\_\_\_

Note: The facility's name and address **must be** the name and address of the project and **must be** consistent with the Publication of Intent.

##### 2. Contact Person Available for Responses to Questions

Jerry W. Taylor

Name

Attorney

Title

Burr & Forman, LLP

Company Name

jtaylor@burr.com

Email address

511 Union Street, Suite 2300

Street or Route

Nashville

City

TN

State

37219

Zip Code

Attorney

Association with Owner

615-724-3247

Phone Number

615-724-3248

Fax Number

**NOTE:** **Section A** is intended to give the applicant an opportunity to describe the project. **Section B** addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, Contribution to the Orderly Development of Health Care, and the Quality Measures.

Please answer all questions on **8½" X 11" white paper, clearly typed and spaced, single or double-sided, in order and sequentially numbered. In answering, please type the question and the response.** All questions must be answered. If an item does not apply, please indicate "N/A" (not applicable). **Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment A.1, A.2, etc. The last page of the application should be a completed signed and notarized affidavit.**

### **3. SECTION A: EXECUTIVE SUMMARY**

#### **A. Overview**

Please provide an overview not to exceed three pages in total explaining each numbered point.

- 1) Description – Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant;**

Ivy Hall Nursing Home seeks authority to add one (1) skilled nursing bed to its current complement of 100 beds. The additional bed will be dually certified for Medicare and Medicaid/TennCare. The new bed will be housed in a room that is currently used as an isolation room, but has no licensed bed in it. Currently when a patient needs isolation, the patient is rolled into the room from a room with a licensed bed. Thus, no construction or renovation is required.

- 2) Ownership structure;**

Ivy Hall Nursing Home is owned by Ivy Hall, Inc. Its sole shareholder is Judy C. Deloach, who also serves as the administrator. There is no corporate parent, affiliate or subsidiary.

- 3) Service area;**

Ivy Hall's service area for the purpose of this application is Carter County. Approximately 85% of admissions to Ivy Hall are residents of Carter County.

- 4) Existing similar service providers;**

There are six nursing homes operating in Carter County. The average occupancy rate in Carter County for the years 2012 through 2014 was 86%. In 2014 only one facility had an average annual occupancy rate of less than 83.5%. The addition of only one bed should not threaten the financial viability of, or have any other significant impact on, existing facilities.

- 5) Project cost;**

The estimated project cost is minimal: \$37,500.00.

- 6) Funding;**

Funding will be through available cash reserves of Ivy Hall.

- 7) Financial Feasibility including when the proposal will realize a positive financial margin;**

The project will be profitable from the outset.

## **8) Staffing.**

No additional staffing is required. Ivy Hall will continue to meet all staffing ratio requirements with the current staff.

## **B. Rationale for Approval**

**A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area. This section should provide rationale for each criterion using the data and information points provided in Section B. of this application. Please summarize in one page or less each of the criteria:**

### **1) Need;**

Ivy Hall consistently operates at or near its licensed bed capacity. Its average occupancy rates for the last three years were:

2015: 96.8%  
2014: 96.3%  
2013: 95.4%

While the addition of one bed will not provide much relief or improvement as far as the occupancy rate, it will provide some needed additional capacity. Moreover, there is no viable option for adding more than one bed. There is not sufficient room in the facility to add more beds or rooms. The existing private rooms are not large enough to accommodate another bed by converting them to semi-private rooms, which is not desirable anyway. There are geographic barriers which prevent expanding the footprint of the building.

However, the facility currently has an empty room that is used as an isolation room that does not have a licensed bed. (A patient needing isolation is rolled from a private or semi-private room to the empty isolation room). This space can be more efficiently utilized by putting an additional licensed bed in that room.

### **2) Economic Feasibility;**

This project is economically feasible. Project costs are minimal, and funds are on hand. It is profitable from the outset. And, using the currently unoccupied isolation room as a private resident room with a licensed bed is a much more efficient use of resources.

### **3) Appropriate Quality Standards;**

Ivy Hall is in good standing with the TDOH and the Joint Commission. Ivy Hall had no serious deficiencies on its most recent survey in May of 2016. Ivy Hall has a 4 star (out of 5) rating on the CMS Nursing Home Compare web site. It is a consistently high quality long term care provider.

### **4) Orderly Development to adequate and effective health care.**



Ivy Hall clearly has a need for the additional bed, as described in B (1) above. The existing nursing homes in Carter County are well utilized, as described in A (4) above. The addition of only one bed should not threaten the financial viability of, or have any other significant impact on, existing facilities.

Because this project will meet a need for some additional capacity at Ivy Hall without negatively impacting other nursing homes in the service area, it will contribute to the orderly development of adequate and effective health care.

**C. Consent Calendar Justification**

**If Consent Calendar is requested, please provide the rationale for an expedited review.**

N/A.

**A request for Consent Calendar must be in the form of a written communication to the Agency's Executive Director at the time the application is filed.**

#### 4. SECTION A: PROJECT DETAILS

##### Owner of the Facility, Agency or Institution

A. Ivy Hall, Inc. 423-542-6512  
Name Phone Number  
301 Watauga Avenue Carter  
Street or Route County  
Elizabethton TN 37643  
City State Zip Code

##### B. Type of Ownership of Control (Check One)

A. Sole Proprietorship	_____	F. Government (State of TN or	_____
B. Partnership	_____	Political Subdivision)	_____
C. Limited Partnership	_____	G. Joint Venture	_____
D. Corporation (For Profit)	<u>X</u>	H. Limited Liability Company	_____
E. Corporation (Not-for-Profit)	_____	I. Other (Specify)	_____

**Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence. Please provide documentation of the active status of the entity from the Tennessee Secretary of State's web-site at <https://tnbear.tn.gov/ECommerce/FilingSearch.aspx>. Attachment Section A-4A.**

A copy of corporate documentation is attached as Attachment Section A-4A-1.

**Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% ownership (direct or indirect) interest.**

Ivy Hall Nursing Home is owned by Ivy Hall, Inc. Its sole shareholder is Judy C. Deloach, who also serves as the administrator. There is no corporate parent, affiliate or subsidiary.

A corporate ownership chart is attached as Attachment Section A-4A-2.

##### 5. Name of Management/Operating Entity (If Applicable)

Care Centers Management Consulting, Inc. \_\_\_\_\_  
Name  
2020 Northpark, Suite 2D Washington  
Street or Route County  
Johnson City TN 37604  
City State Zip Code  
Website address: ivyhallnursinghome.com

***For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract. Attachment Section A-5.***

A copy of the Management Agreement is attached as Attachment Section A-5.

**6A. Legal Interest in the Site of the Institution (Check One)**

- |                                 |               |                    |               |
|---------------------------------|---------------|--------------------|---------------|
| A. Ownership                    | <u>  X  </u>  | D. Option to Lease | <u>      </u> |
| B. Option to Purchase           | <u>      </u> | E. Other (Specify) | <u>      </u> |
| C. Lease of <u>      </u> Years | <u>      </u> |                    |               |

**Check appropriate line above: For applicants or applicant's parent company/owner that currently own the building/land for the project location, attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements must include anticipated purchase price. Lease/Option to Lease Agreements must include the actual/anticipated term of the agreement and actual/anticipated lease expense. The legal interests described herein must be valid on the date of the Agency's consideration of the certificate of need application.**

Copies of the deeds are attached as Attachment Section A-6A.

**6B. Attach a copy of the site's plot plan, floor plan, and if applicable, public transportation route to and from the site on an 8 1/2" x 11" sheet of white paper, single or double-sided. DO NOT SUBMIT BLUEPRINTS. Simple line drawings should be submitted and need not be drawn to scale.**

**1) Plot Plan must include:**

- a. Size of site (*in acres*);
- b. Location of structure on the site;
- c. Location of the proposed construction/renovation; and
- d. Names of streets, roads or highway that cross or border the site.

A plot plan is attached as Attachment Section A-6B-1.

**2) Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. On an 8 ½ by 11 sheet of paper or as many as necessary to illustrate the floor plan.**

A floor plan is attached as Attachment Section A-6B-2.

**3) Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.**

7. **Type of Institution** (Check as appropriate--more than one response may apply)

- |  |  |          |
|--|--|----------|
| A. Hospital (Specify) _____  | H. Nursing Home  | <u>X</u> |
| B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty _____        | I. Outpatient Diagnostic Center  | _____    |
| C. ASTC, Single Specialty _____  | J. Rehabilitation Facility   | _____    |
| D. Home Health Agency _____  | K. Residential Hospice   | _____    |
| E. Hospice _____   | L. Nonresidential Substitution-Based Treatment Center for Opiate Addiction | _____    |
| F. Mental Health Hospital _____  | M. Other (Specify) _____   | _____    |
| G. Intellectual Disability Institutional Habilitation Facility ICF/IID _____ |  |          |

Check appropriate lines(s).

8. **Purpose of Review** (Check appropriate lines(s) – more than one response may apply)

- |  |   |          |
|--|---|----------|
| A. New Institution _____   | F. Change in Bed Complement   | <u>X</u> |
| B. Modifying an ASTC with limitation still required per CON _____                        | [Please note the type of change by underlining the appropriate response: <u>Increase</u> , Decrease, Designation, Distribution, Conversion, Relocation] |          |
| C. Addition of MRI Unit _____  | G. Satellite Emergency Dept.  | _____    |
| D. Pediatric MRI _____   | H. Change of Location   | _____    |
| E. Initiation of Health Care Service as defined in T.C.A. §68-11-1607(4) (Specify) _____ | I. Other (Specify) _____  | _____    |

9. **Medicaid/TennCare, Medicare Participation**

**MCO Contracts** [Check all that apply]

X AmeriGroup    X United Healthcare Community Plan    X BlueCare  
X TennCare Select

Medicare Provider Number    445469

Medicaid Provider Number    7440103 (ICF); 0445469 (SNF)

Certification Type    Nursing Home

If a new facility, will certification be sought for Medicare and/or Medicaid/TennCare?

Medicare \_\_Yes \_\_No X N/A    Medicaid/TennCare \_\_Yes \_\_No X N/A

## 10. Bed Complement Data

A. Please indicate current and proposed distribution and certification of facility beds.

	<u>Current Licensed</u>	<u>Beds Staffed</u>	<u>Beds Proposed</u>	<u>*Beds Approved</u>	<u>**Beds Exempted</u>	<u>TOTAL Beds at Completion</u>
1) Medical						
2) Surgical						
3) ICU/CCU						
4) Obstetrical						
5) NICU						
6) Pediatric						
7) Adult Psychiatric						
8) Geriatric Psychiatric						
9) Child/Adolescent Psychiatric						
10) Rehabilitation						
11) Adult Chemical Dependency						
12) Child/Adolescent Chemical Dependency						
13) Long-Term Care Hospital						
14) Swing Beds						
15) Nursing Home – SNF (Medicare only)						
16) Nursing Home – NF (Medicaid only)						
17) Nursing Home – SNF/NF (dually certified Medicare/Medicaid)						
18) Nursing Home – Licensed (non-certified)	100		1			1
19) ICF/IID						
20) Residential Hospice						
<b>TOTAL</b>	100		1			101

\*Beds approved but not yet in service

\*\*Beds exempted under 10% per 3 year provision

B. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the applicant facility's existing services.

Ivy Hall consistently operates at or near its licensed bed capacity. Its average occupancy rates for the last three years were:

2015: 96.8%

2014: 96.3%

2013: 95.4%

While the addition of one bed will not provide much relief or improvement as far as the occupancy rate, it will provide some needed additional capacity. Moreover, there is no viable option for adding more than one bed. There is not sufficient room in the facility to add more beds or rooms. The existing private rooms are not large enough to accommodate another bed by converting them to semi-private rooms, which is not desirable anyway. There are geographic barriers which prevent expanding the footprint of the building.

However, the facility currently has an empty room that is used as an isolation room that does not have a licensed bed. (A patient needing isolation is rolled from a private or semi-private room to the empty isolation room). This space can be more efficiently utilized by putting an additional

licensed bed in that room.

- C. Please identify all the applicant's outstanding Certificate of Need projects that have a licensed bed change component. If applicable, complete chart below. N/A.

CON Number(s)	CON Expiration Date	Total Licensed Beds Approved

**11. Home Health Care Organizations – Home Health Agency, Hospice Agency (excluding Residential Hospice), identify the following by checking all that apply:**

	Existing Licensed County	Parent Office County	Proposed Licensed County		Existing Licensed County	Parent Office County	Proposed Licensed County
Anderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lauderdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bedford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lawrence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Benton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lewis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bledsoe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lincoln	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Blount	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Loudon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bradley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McMinn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Campbell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McNairy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cannon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Macon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carroll	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Madison	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cheatham	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marshall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chester	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Maurry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Claiborne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Meigs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Monroe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cocke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Montgomery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Coffee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Moore	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Crockett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Morgan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cumberland	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Obion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Davidson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Overton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Decatur	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Perry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DeKalb	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Pickett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dickson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Polk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dyer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Putnam	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fayette	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rhea	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fentress	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Roane	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Franklin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Robertson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gibson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rutherford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Giles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Scott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grainger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sequatchie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Greene	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sevier	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grundy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Shelby	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamblen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamilton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Stewart	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hancock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sullivan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardeman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sumner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Tipton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hawkins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Trousdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Haywood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Unicoi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Union	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Van Buren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hickman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Warren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Houston	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Washington	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Humphreys	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wayne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jackson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Weakley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jefferson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	White	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Williamson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Knox	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wilson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lake	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				



**12. Square Footage and Cost Per Square Footage Chart N/A**

Unit/Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage		
					Renovated	New	Total
Unit/Department GSF Sub-Total							
Other GSF Total							
Total GSF							
*Total Cost							
**Cost Per Square Foot							
<p align="center">Cost per Square Foot Is Within Which Range            (For quartile ranges, please refer to the Applicant's Toolbox on <a href="http://www.tn.gov/hsda">www.tn.gov/hsda</a> )</p>					<input type="checkbox"/> Below 1 <sup>st</sup> Quartile	<input type="checkbox"/> Below 1 <sup>st</sup> Quartile	<input type="checkbox"/> Below 1 <sup>st</sup> Quartile
					<input type="checkbox"/> Between 1 <sup>st</sup> and 2 <sup>nd</sup> Quartile	<input type="checkbox"/> Between 1 <sup>st</sup> and 2 <sup>nd</sup> Quartile	<input type="checkbox"/> Between 1 <sup>st</sup> and 2 <sup>nd</sup> Quartile
					<input type="checkbox"/> Between 2 <sup>nd</sup> and 3 <sup>rd</sup> Quartile	<input type="checkbox"/> Between 2 <sup>nd</sup> and 3 <sup>rd</sup> Quartile	<input type="checkbox"/> Between 2 <sup>nd</sup> and 3 <sup>rd</sup> Quartile
					<input type="checkbox"/> Above 3 <sup>rd</sup> Quartile	<input type="checkbox"/> Above 3 <sup>rd</sup> Quartile	<input type="checkbox"/> Above 3 <sup>rd</sup> Quartile

\* The Total Construction Cost should equal the Construction Cost reported on line A5 of the Project Cost Chart.

\*\* Cost per Square Foot is the construction cost divided by the square feet. Please do not include contingency costs.

**13. MRI, PET, and/or Linear Accelerator.** Question 13 and all sub-parts are N/A.

1. Describe the acquisition of any Magnetic Resonance Imaging (MRI) scanner that is adding a MRI scanner in counties with population less than 250,000 or initiation of pediatric MRI in counties with population greater than 250,000 and/or
2. Describe the acquisition of any Positron Emission Tomographer (PET) or Linear Accelerator if initiating the service by responding to the following:

**A. Complete the chart below for acquired equipment.**

<input type="checkbox"/> Linear Accelerator	Mev _____	Types:	<input type="checkbox"/> SRS <input type="checkbox"/> IMRT <input type="checkbox"/> IGRT <input type="checkbox"/> Other _____ <input type="checkbox"/> By Purchase <input type="checkbox"/> By Lease   Expected Useful Life (yrs) _____ <input type="checkbox"/> If not new, how old? (yrs) _____
	Total Cost*: _____ <input type="checkbox"/> New <input type="checkbox"/> Refurbished		
<input type="checkbox"/> MRI	Tesla: _____	Magnet:	<input type="checkbox"/> Breast <input type="checkbox"/> Extremity <input type="checkbox"/> Open <input type="checkbox"/> Short Bore <input type="checkbox"/> Other _____ <input type="checkbox"/> By Purchase <input type="checkbox"/> By Lease   Expected Useful Life (yrs) _____ <input type="checkbox"/> If not new, how old? (yrs) _____
	Total Cost*: _____ <input type="checkbox"/> New <input type="checkbox"/> Refurbished		
<input type="checkbox"/> PET	<input type="checkbox"/> PET only <input type="checkbox"/> PET/CT <input type="checkbox"/> PET/MRI		<input type="checkbox"/> By Purchase <input type="checkbox"/> By Lease   Expected Useful Life (yrs) _____ <input type="checkbox"/> If not new, how old? (yrs) _____
	Total Cost*: _____ <input type="checkbox"/> New <input type="checkbox"/> Refurbished		

\* As defined by Agency Rule 0720-9-.01(13)

- B. In the case of equipment purchase, include a quote and/or proposal from an equipment vendor. In the case of equipment lease, provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment.
- C. Compare lease cost of the equipment to its fair market value. Note: Per Agency Rule, the higher cost must be identified in the project cost chart.

**D. Schedule of Operations:**

Location	Days of Operation (Sunday through Saturday)	Hours of Operation (example: 8 am – 3 pm)
Fixed Site (Applicant)	_____	_____
Mobile Locations (Applicant)	_____	_____
(Name of Other Location)	_____	_____
(Name of Other Location)	_____	_____

**E. Identify the clinical applications to be provided that apply to the project.**

**F. If the equipment has been approved by the FDA within the last five years provide documentation of the same.**

## **SECTION B: GENERAL CRITERIA FOR CERTIFICATE OF NEED**

In accordance with T.C.A. § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of health care." Further standards for guidance are provided in the State Health Plan developed pursuant to T.C.A. § 68-11-1625.

The following questions are listed according to the four criteria: (1) Need, (2) Economic Feasibility, (3) Applicable Quality Standards, and (4) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. *Please type each question and its response on an 8 1/2" x 11" white paper, single-sided or double sided.* All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer, unless specified otherwise. ***If a question does not apply to your project, indicate "Not Applicable (NA)."***

### **QUESTIONS**

#### **NEED**

1. **Provide a response to each criterion and standard in Certificate of Need Categories in the State Health Plan that are applicable to the proposed project. Criteria and standards can be obtained from the Tennessee Health Services and Development Agency or found on the Agency's website at <http://www.tn.gov/hsda/article/hsda-criteria-and-standards>.**

#### **Nursing Home Standards and Criteria**

##### **1. Determination of Need.**

**The need for nursing home beds for each county in the state should be determined by applying the following population-based statistical methodology:**

$$\begin{aligned}\text{Need} = & .0005 \times \text{population 65 and under, plus} \\ & .012 \times \text{population 65-74, plus} \\ & .060 \times \text{population 75-84, plus} \\ & .150 \times \text{population 85 +}\end{aligned}$$

The bed need calculation is performed by, and the results are maintained by, the Department of Health, Division of Health Statistics. According to that data, Carter County will have a need for 566 beds in 2018. According to data from the Division of Health Statistics, the existing inventory of licensed beds is 574. According to the Health Care Facilities website, the existing inventory is 578. So depending on which inventory is used in the calculation, it shows there will be a surplus of between 8-12 beds in Carter County in 2018.

A copy of the gross bed need calculations by county from the Division of Health Statistics is attached as Attachment Section B-Need-1.

**2. Planning horizon:** The need for nursing home beds shall be projected two years into the future from the current year.

A two-year planning horizon was used in the Department of Health calculations.

**3. Establishment of Service Area:** A majority of the population of the proposed Service Area for any nursing home should reside within 30 minutes travel time from that facility. Applicants may supplement their applications with sub-county level data that are available to the general public to better inform the HSDA of granular details and trends; however, the need formula established by these Standards will use the latest available final JAR data from the Department of Health. The HSDA additionally may consider geographic, cultural, social, and other aspects that may impact the establishment of a Service Area.

Ivy Hall's service area for the purpose of this application is Carter County. Approximately 85% of admissions to Ivy Hall are residents of Carter County.

**4. Existing Nursing Home Capacity:** In general, the Occupancy Rate for each nursing home currently and actively providing services within the applicant's proposed Service Area should be at or above 90% to support the need for any project seeking to add new nursing home beds within the Service Area and to ensure that the financial viability of existing facilities is not negatively impacted.

Not all nursing homes in Carter County are operating at 90% occupancy. There are six nursing homes operating in Carter County. The average occupancy rate in Carter County for the years 2012 through 2014 was 86%. In 2014 only one facility had an average annual occupancy rate of less than 83.5%. The addition of only one bed should not threaten the financial viability of existing facilities.

A table reflecting the utilization of nursing homes in Carter County is attached as Attachment B, Need, 4.

When considering replacement facility or renovation applications that do not alter the bed component within the Service Area, the HSDA should consider as the primary factor whether a replacement facility's own occupancy rate could support its economic feasibility, instead of the occupancy rates of other facilities in the Service Area.

N/A.

**5. Outstanding Certificates of Need:** Outstanding CONs should be factored into the decision whether to grant an additional CON in a given Service Area or county until an outstanding CON's beds are licensed.

N/A. There are no outstanding CONs for nursing home beds in Carter County.

**6. Data:** The Department of Health data on the current supply and utilization of licensed and CON-approved nursing home beds should be the data source employed hereunder, unless otherwise noted.

The Department of Health, Division of Health Statistics was the data source relied upon.

**7. Minimum Number of Beds:** A newly established free-standing nursing home should have a sufficient number of beds to provide revenues to make the project economically feasible and thus is encouraged to have a capacity of least 30 beds. However, the HSDA should consider exceptions to this standard if a proposed applicant can demonstrate that economic feasibility can be achieved with a smaller facility in a particular situation.

N/A.

**8. Encouraging Facility Modernization:** The HSDA may give preference to an application that:

None of these considerations are applicable to this application.

a. Proposes a replacement facility to modernize an existing facility.

b. Seeks a certificate of need for a replacement facility on or near its existing facility operating location. The HSDA should evaluate whether the replacement facility is being located as closely as possible to the location of the existing facility and, if not, whether the need for a new, modernized facility is being impacted by any shift in the applicant's market due to its new location within the Service Area.

c. Does not increase its number of operating beds.

**9. Adequate Staffing:** An applicant should document a plan demonstrating the intent and ability to recruit, hire, train, assess competencies of, supervise, and retain the appropriate numbers of qualified personnel to provide the services described in the application and that such personnel are available in the proposed Service Area. However, when considering applications for replacement facilities or renovations of existing facilities, the HSDA may determine the existing facility's staff would continue without significant change and thus would be sufficient to meet this Standard without a demonstration of efforts to recruit new staff.

No additional staff will be required as a result of this project. Ivy Hall will continue to meet or exceed the required staffing ratios.

**10. Community Linkage Plan:** The applicant should describe its participation, if any, in a community linkage plan, including its relationships with appropriate health care system providers/services and working agreements with other related community services to assure continuity of care. If they are provided, letters from providers (including, e.g., hospitals, hospice services agencies, physicians) in support of an application should detail specific instances of unmet need for nursing home services.

Ivy Hall Nursing Home is an important part of the Elizabethton community, serving Elizabethton and surrounding communities for over 50 years. Ivy Hall works directly with community health care service providers and managed care organizations to ensure residents receive the best care possible even in the most difficult or trying situations. Ivy Hall Nursing Home is centrally and conveniently located in the heart of Elizabethton and has served its families for generations. While the addition of one licensed bed may seem trivial, it will allow Ivy Hall to better utilize the use of an under-utilized isolation room, providing care year round as opposed to infrequent isolation needs.

**11. Access:** The applicant should demonstrate an ability and willingness to serve equally all of the Service Area in which it seeks certification. In addition to the factors set forth in HSDA Rule 0720-11-.01(1) (listing the factors concerning need on which an application may be evaluated), the HSDA may choose to give special consideration to an applicant that is able to show that there is limited access in the proposed Service Area. However, an applicant should address why Service Area residents cannot be served in a less restrictive and less costly environment and whether the applicant provides or will provide other services to residents that will enable them to remain in their homes.

The average occupancy rate in Carter County for the years 2012 through 2014 was 86%. In 2014 only one facility had an average annual occupancy rate of less than 83.5%. At any given time there may or may not be a bed available. Ivy Hall's occupancy rate for the years 2012 through 2014 was 96%. So clearly there is a need for better access to beds at Ivy Hall.

The goal of the Choices program and the goal of Ivy Hall is to assist residents to receive the care needed in a less restrictive, less costly environment, allowing them to remain in their homes. Often times, it is the care provided by Ivy Hall and the long term care community that allows a resident to gain their independence in a less restrictive manner affording them the ability to remain at home. This is evidenced by the many acute care services and rehabilitation services provided by Ivy Hall.

**12. Quality Control and Monitoring:** The applicant should identify and document its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program as required by the Affordable Care Act. As an alternative to the provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives. An applicant that owns or administers other nursing homes should provide detailed information on their surveys and their quality control programs at those facilities, regardless of whether they are located in Tennessee.

Ivy Hall's Quality Control and Monitoring process was designed and implemented to ensure compliance with the Affordable Care Act through processes of meeting quality standards, assuring that care reaches and exceeds acceptable levels and continually analyzing our performance with systematic efforts for continual improvement. Program objectives include: 1) systemically and effectively monitor, evaluate and document resident care in relation to established standards; 2) delineate lines of authority, responsibility and accountability in achieving quality care; 3) enable Department Managers to identify areas of concern and implement corrective actions resulting in improved services; and 4) maximize the results of continual monitoring by consolidating data for analysis and action. Indicators such as quality

measure reports, resident/family concerns, unfavorable survey results and/or inspections, increase in unusual incidents, compliance audit findings, self-identified issues or concerns, national benchmarks and best practice guidelines are used in the identification/evaluation process. Evaluation and audit tools are used in the analysis process supplemented by trending tools for the ongoing monitoring of effectiveness.

Ivy Hall is accredited by and in good standing with the Joint Commission.

**13. Data Requirements: Applicants should agree to provide the TDH and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested. As a standard of practice, existing data reporting streams will be relied upon and adapted over time to collect all needed information.**

Ivy Hall agrees to provide the TDH and/or the HSDA with all reasonably requested information and statistical data related to the operation and provision of services at the applicant's facility and to report that data in the time and format requested.

**14. Additional Occupancy Rate Standards:**

**a. An applicant that is seeking to add or change bed component within a Service Area should show how it projects to maintain an average occupancy rate for all licensed beds of at least 90 percent after two years of operation.**

As reflected on the Projected Data Chart, Ivy Hall will maintain an average occupancy rate of greater than 90% after the addition of the additional bed. This is consistent with historical occupancy rates, which have exceeded 90% over the past several years:

2015: 96.8%

2014: 96.3%

2013: 95.4%

Assuming the same patient days, the additional bed would have reduced the 2015 occupancy rate from 96.8% to 95.8%.

**b. There should be no additional nursing home beds approved for a Service Area unless each existing facility with 50 beds or more has achieved an average annual occupancy rate of 90 percent. In determining the Service Area's occupancy rate, the HSDA may choose not to consider the occupancy rate of any nursing home in the proposed Service Area that has been identified by the TDH Regional Administrator as consistently noncomplying with quality assurance regulations, based on factors such as deficiency numbers outside of an average range or standards of the Medicare 5 Star program.**

Not all nursing homes in Carter County are operating at 90% occupancy. There are six nursing homes operating in Carter County. The average occupancy rate in Carter County for the years 2012 through 2014 was 86%. In 2014 only one facility had an average annual occupancy rate of



less than 83.5%. The addition of only one bed should not threaten the financial viability of existing facilities.

A table reflecting the utilization of nursing homes in Carter County is attached as Attachment B, Need, 4.

**c. A nursing home seeking approval to expand its bed capacity should have maintained an occupancy rate of 90 percent for the previous year.**

Ivy Hall has maintained an occupancy rate of greater than 90% over the past several years:

2015: 96.8%

2014: 96.3%

2013: 95.4%

**[END OF RESPONSES TO NURSING HOME STANDARDS AND CRITERIA]**

2. **Describe the relationship of this project to the applicant facility's long-range development plans, if any, and how it relates to related previously approved projects of the applicant.**

N/A. Ivy Hall has no other long-range development plans.

3. **Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map for the Tennessee portion of the service area using the map on the following page, clearly marked to reflect the service area as it relates to meeting the requirements for CON criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the border states, if applicable. Attachment Section B - Need-3.**

Please complete the following tables, if applicable:

Service Area Counties	Historical Utilization-County Residents (Admissions)	% of total admissions
Carter	81	85.3%
Washington	8	8.4%
Johnson	3	3.2%
Sullivan	2	2.1%
Union	1	1%
Total	95	100%

Service Area Counties	Projected Utilization-County Residents (Admissions)	% of total admissions
Carter	81	85.3%
Washington	8	8.4%
Johnson	3	3.2%
Sullivan	2	2.1%
Union	1	1%
Total	95	100%

Ivy Hall's service area for the purpose of this application is Carter County. Approximately 85% of admissions to Ivy Hall are residents of Carter County.

A map of the service area is attached as Attachment B-Need-3.

**A. 1) Describe the demographics of the population to be served by the proposal.**

The demographics of the service area population are reflected in the table below.

- 2) Using current and projected population data from the Department of Health, the most recent enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, complete the following table and include data for each county in your proposed service area.**

**Projected Population Data:** <http://www.tn.gov/health/article/statistics-population>

**TennCare Enrollment Data:** <http://www.tn.gov/tenncare/topic/enrollment-data>

**Census Bureau Fact Finder:** <http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>

*\* Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for child and adolescent psychiatric services will serve the Population Ages 0-19. Projected Year is defined in select service-specific criteria and standards. If Projected Year is not defined, default should be four years from current year, e.g., if Current Year is 2016, then default Projected Year is 2020.*

The requested table with demographic data is attached as Attachment B, Need, 4A.

**B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.**

Disproportionate Senior Population. Carter County has a greater percentage of residents 65+ (22%) than does the state as a whole (17%). This special need is addressed by this project in that the requested bed will be dually certified, thereby serving qualified Medicare enrollees. Of course residents who are 65+ and who are not qualified for Medicare reimbursement for nursing care will also be served.

Disproportionate TennCare Population. Carter County has a greater percentage of TennCare enrollees (23.8%) than does the state as a whole (22.8%). This special need is addressed by this project in that the requested bed will be dually certified, thereby serving qualified TennCare enrollees. Ivy Hall is a major provider to TennCare enrollees. In 2014, approximately 66% of Ivy Hall's total days of care were provided to TennCare enrollees.

Disproportionate Low Income Population. Carter County has a greater percentage of residents below poverty level (23.5%) than does the state as a whole (17.8%). Similarly, Carter County has a lower median household income (\$32,754) than the state as a whole (\$44,621). The fact that Ivy Hall has a high TennCare patient mix (approximately 66%) demonstrates it is addressing this special need.

5. Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. This doesn't apply to projects that are solely relocating a service.

There are six nursing homes operating in Carter County. The average occupancy rate in Carter County for the years 2012 through 2014 was 86%. In 2014 only one facility had an average annual occupancy rate of less than 83.5%. The addition of only one bed should not threaten the financial viability of existing facilities, or result in any other significant negative impact. There are no unimplemented CONs for nursing home beds in Carter County.

A table reflecting the utilization of nursing homes in Carter County is attached as Attachment B, Need, 4.

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three years and the projected annual utilization for each of the two years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.

7. Historical Utilization:

2015: 34,833 days 96.8%

2014: 35,159 days 96.3%

2013: 35,322 days 95.4%

Projected Utilization:

Year 1: 35,945 days 97.5%

Year 2: 36,122 days 98%

Projected utilization was determined by looking at historical utilization and financial data and extrapolating to the first two years of the project. The growth rates utilized were 2% for Year 1 and 2.5% for Year 2.

## ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

A Project Cost Chart is included on the following page.

- A. All projects should have a project cost of at least \$15,000 (the minimum CON Filing Fee). (See Application Instructions for Filing Fee)

The application fee is included on the Project Cost Chart.

- B. The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.

N/A.

- C. The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.

An entry for movable equipment is included on the Project Cost Chart.

- D. Complete the Square Footage Chart on page 8 and provide the documentation. Please note the Total Construction Cost reported on line 5 of the Project Cost Chart should equal the Total Construction Cost reported on the Square Footage Chart.

N/A. No construction or renovation is involved in this project.

- E. For projects that include new construction, modification, and/or renovation—documentation must be provided from a licensed architect or construction professional that support the estimated construction costs. Provide a letter that includes the following:

- 1) A general description of the project;
- 2) An estimate of the cost to construct the project;
- 3) A description of the status of the site's suitability for the proposed project; and
- 4) Attesting the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the AIA Guidelines for Design and Construction of Hospital and Health Care Facilities in current use by the licensing authority.

N/A. No construction or renovation is involved in this project.

# PROJECT COST CHART

A. Construction and equipment acquired by purchase:		
1. Architectural and Engineering Fees		\$0.00
2. Legal, Administrative, Consultant Fees		\$20,000.00
3. Acquisition of Site		\$0.00
4. Preparation of Site		\$0.00
5. Total Construction Costs		\$0.00
6. Contingency Fund		\$0.00
7. Fixed Equipment (Not included in Construction Contract)		\$0.00
8. Moveable Equipment (List all equipment over \$50,000.00)		\$2,500.00
9. Other (Specify) _____		\$0.00
B. Acquisition by gift donation, or lease:		
1. Facility (Inclusive of building and land)		\$0.00
2. Building Only		\$0.00
3. Land Only		\$0.00
4. Equipment (Specify) _____		\$0.00
5. Other (Specify) _____		\$0.00
C. Financing Costs and Fees:		
1. Interim Financing		\$0.00
2. Underwriting Costs		\$0.00
3. Reserve for One Year's Debt Service		\$0.00
4. Other (Specify) _____		\$0.00
D. Estimated Project Cost (A+B+C)		\$22,500.00
E. CON Filing Fee		\$ 15,000.00
F. Total Estimated Project Cost (D + E)	TOTAL	\$ 37,500.00

2. Identify the funding sources for this project.

Check the applicable item(s) below and briefly summarize how the project will be financed. *(Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment Section B-Economic Feasibility-2.)*

- ☐ A. Commercial loan – Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ B. Tax-exempt bonds – Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ C. General obligation bonds – Copy of resolution from issuing authority or minutes from the appropriate meeting;
- ☐ D. Grants – Notification of intent form for grant application or notice of grant award;
- ☒ E. Cash Reserves – Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization; and/or

A letter attesting to availability of funding is attached as Attachment B, Economic Feasibility, 2.

- ☐ F. Other – Identify and document funding from all other sources.

3. Complete Historical Data Charts on the following two pages—*Do not modify the Charts provided or submit Chart substitutions!*

Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available. Provide a Chart for the total facility and Chart just for the services being presented in the proposed project, if applicable. Only complete one chart if it suffices.

*Note that “Management Fees to Affiliates” should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. “Management Fees to Non-Affiliates” should include any management fees paid by agreement to third party entities not having common ownership with the applicant.*

A completed Historical Data Chart is attached following this page.

# HISTORICAL DATA CHART

☒ Total Facility  
☐ Project Only

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in \_\_ January

	Year: 2013	Year: 2014	Year: 2015
A. Utilization/Occupancy Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits) <b>Patient days</b>	34,833	35,159	35,322
B. Revenue from Services to Patients			
1. Inpatient Services	\$10,042,808.00	\$9,491,874.00	\$9,728,488.00
2. Outpatient Services	\$0.00	\$0.00	\$0.00
3. Emergency Services	\$0.00	\$0.00	\$0.00
4. Other Operating Revenue	\$46,704.00	\$22,270.00	\$31,539.00
Specify: _____			
<b>Gross Operating Revenue</b>	<b>\$10,089,512.00</b>	<b>\$9,514,144.00</b>	<b>\$9,760,027.00</b>
C. Deductions from Operating Revenue			
1. Contract Deductions	\$2,056,137.00	\$1,863,909.00	\$1,700,759.00
2. Provision for Charity Care	\$0.00	\$0.00	\$0.00
3. Provision for Bad Debt	\$93,636.00	\$58,983.00	\$17,361.00
<b>Total Deductions</b>	<b>\$2,149,773.00</b>	<b>\$1,922,892.00</b>	<b>\$1,718,120.00</b>
<b>NET OPERATING REVENUE</b>	<b>\$7,939,739.00</b>	<b>\$7,591,252.00</b>	<b>\$8,014,907.00</b>
D. Operating Expenses			
1. Salaries and Wages	\$3,509,786.00	\$3,419,453.00	\$3,258,237.00
a. Direct Patient Care	\$2,224,533.00	\$2,220,423.00	\$2,234,164.00
b. Non-Patient Care	\$1,285,253.00	\$1,199,030.00	\$1,024,073.00
2. Physicians' Salaries and Wages	\$0.00	\$0.00	\$0.00
3. Supplies	\$1,042,092.00	\$945,242.00	\$868,260.00
4. Rent	\$89,397.00	\$90,627.00	\$97,512.00
a. Paid to Affiliates	\$37,692.00	\$37,692.00	\$37,692.00
b. Paid to Non-Affiliates	\$51,705.00	\$52,935.00	\$59,820.00
5. Management Fees:			
a. Fees to Affiliates	\$0.00	\$0.00	\$0.00
b. Fees to Non-Affiliates	\$657,415.00	\$553,277.00	\$548,091.00
6. Other Operating Expenses	\$1,931,980.00	\$1,882,700.00	\$1,711,096.00
<b>Total Operating Expenses</b>	<b>\$7,230,670.00</b>	<b>\$6,891,299.00</b>	<b>\$6,483,196.00</b>
E. <b>Earnings Before Interest, Taxes, and Depreciation</b>	<b>\$7,090,699.00</b>	<b>\$6,699,953.00</b>	<b>\$1,558,711.00</b>
F. Non-Operating Expenses			
1. Taxes	\$273,029.00	\$333,799.00	\$478,782.00
2. Depreciation	\$382,697.00	\$377,593.00	\$382,558.00
3. Interest	\$346,118.00	\$339,407.00	\$333,874.00
4. Other Non-Operating Expenses	\$17,751.00	\$27,567.00	\$28,547.00
<b>Total Non-Operating Expenses</b>	<b>\$1,019,595.00</b>	<b>\$1,078,366.00</b>	<b>\$1,223,761.00</b>
<b>NET INCOME (LOSS)</b>	<b>\$310,526.00</b>	<b>\$378,413.00</b>	<b>\$334,950.00</b>
G. Other Deductions			
1. Annual Principal Debt Repayment	\$96,679.00	\$110,859.00	\$113,869.00
2. Annual Capital Expenditure	\$254,893.00	\$123,769.00	\$55,357.00
<b>Other Total Deductions</b>	<b>\$351,572.00</b>	<b>\$234,628.00</b>	<b>\$169,226.00</b>
<b>NET BALANCE</b>	<b>\$662,098.00</b>	<b>\$613,041.00</b>	<b>\$165,724.00</b>
<b>DEPRECIATION</b>	<b>\$382,697.00</b>	<b>\$377,593.00</b>	<b>\$382,558.00</b>
<b>FREE CASH FLOW (Net Balance + Depreciation)</b>	<b>\$279,401.00</b>	<b>\$235,448.00</b>	<b>\$548,282.00</b>

# **HISTORICAL DATA CHART -- OTHER EXPENSES**

☒ **Total Facility**  
☐ **Project Only**

<b><u>OTHER EXPENSE CATEGORY</u></b>	<b>Year: 2013</b>	<b>Year: 2014</b>	<b>Year: 2015</b>
1. Professional Services Contracts	\$981,625.00	\$864,901.00	\$730,352.00
2. Contract Labor	\$94,502.00	\$115,286.00	\$58,926.00
3. Insurance	\$312,425.00	\$346,269.00	\$348,010.00
4. Education	\$2,883.00	\$2,769.00	\$3,545.00
5. Phone	\$13,436.00	\$15,679.00	\$14,091.00
6. Vehicle Expense	\$12,646.00	\$13,917.00	\$11,841.00
7. Travel & Meals	\$1,634.00	\$2,518.00	\$1,664.00
8. Outing & Special events	\$2,440.00	\$2,064.00	\$2,389.00
9. Payroll Taxes	\$271,087.00	\$255,027.00	\$260,005.00
10. Dues & Subs	\$35,040.00	\$36,524.00	\$44,007.00
11. Advertising - Staff	\$3,345.00	\$2,913.00	\$8,985.00
12. Marketing	\$4,786.00	\$4,275.00	\$5,093.00
13. Patient Memorials	\$1,712.00	\$1,515.00	\$1,527.00
14. Penalties / Late Charges	\$72.00	\$129.00	\$705.00
15. Bank Service Charge	\$1,029.00	\$1,511.00	\$1,603.00
16. Donations	\$800.00	\$1,364.00	\$500.00
17. Utilities	\$180,038.00	\$201,095.00	\$200,914.00
18. Employee Relations	\$12,480.00	\$14,944.00	\$16,939.00
<b>Total</b>	<b>\$1,931,980.00</b>	<b>\$1,882,700.00</b>	<b>\$1,711,096.00</b>



4. Complete Projected Data Charts on the following two pages – **Do not modify the Charts provided or submit Chart substitutions!**

The Projected Data Chart requests information for the two years following the completion of the proposed services that apply to the project. Please complete two Projected Data Charts. One Projected Data Chart should reflect revenue and expense projections for the *Proposal Only* (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility). The second Chart should reflect information for the total facility. Only complete one chart if it suffices.

***Note that “Management Fees to Affiliates” should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. “Management Fees to Non-Affiliates” should include any management fees paid by agreement to third party entities not having common ownership with the applicant.***

A completed Projected Data Chart is attached following this page. The Chart is for the entire facility; preparing a Projected Data Chart for only one bed is not practical.

## PROJECTED DATA CHART

☒ **Total Facility**  
☐ **Project Only**

Give information for the last two (2) years for which complete data are available for the facility or agency. The fiscal year begins in January (Month)

	Year: 2017	Year: 2018
A. Utilization/Occupancy Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits) <b>Patient days</b>	35945	36122
B. Revenue from Services to Patients		
1. Inpatient Services	\$9,802,385.00	\$9,850,436.00
2. Outpatient Services	\$0.00	\$0.00
3. Emergency Services	\$0.00	\$0.00
4. Other Operating Revenue	\$27,443.00	\$27,577.00
Specify: _____		
<b>Gross Operating Revenue</b>	\$9,829,828.00	\$9,878,013.00
C. Deductions from Operating Revenue		
1. Contract Deductions	\$1,817,981.00	\$1,826,892.00
2. Provision for Charity Care	\$0.00	\$0.00
3. Provision for Bad Debt	\$38,935.00	\$39,126.00
<b>Total Deductions</b>	\$1,856,916.00	\$1,866,018.00
<b>NET OPERATING REVENUE</b>	\$7,972,912.00	\$8,011,995.00
D. Operating Expenses		
1. Salaries and Wages	\$3,405,622.00	\$3,422,316.00
a. Direct Patient Care	\$2,271,839.00	\$2,282,976.00
b. Non-Patient Care	\$1,133,783.00	\$1,139,340.00
2. Physicians' Salaries and Wages	\$0.00	\$0.00
3. Supplies	\$924,886.00	\$929,420.00
4. Rent	\$95,951.00	\$96,421.00
a. Paid to Affiliates	\$38,446.00	\$38,634.00
b. Paid to Non-Affiliates	\$57,505.00	\$57,787.00
5. Management Fees:		
a. Fees to Affiliates	\$0.00	\$0.00
b. Fees to Non-Affiliates	\$561,698.00	\$564,451.00
6. Other Operating Expenses	\$1,832,836.00	\$1,841,820.00
<b>Total Operating Expenses</b>	\$6,820,992.00	\$6,854,428.00
E. <b>Earnings Before Interest, Taxes, and Depreciation</b>	\$1,151,920.00	\$1,157,565.00
F. Non-Operating Expenses		
1. Taxes	\$414,416.00	\$416,448.00
2. Depreciation	\$387,677.00	\$378,577.00
3. Interest	\$343,373.00	\$345,057.00
4. Other Non-Operating Expenses	\$28,618.00	\$28,758.00
<b>Total Non-Operating Expenses</b>	\$1,174,084.00	\$1,179,840.00
<b>NET INCOME (LOSS)</b>	\$22,164.00	\$22,275.00
G. Other Deductions		
1. Estimated Annual Principal Debt Repayment	\$114,611.00	\$115,173.00
2. Annual Capital Expenditure	\$91,354.00	\$91,802.00
<b>Other Total Deductions</b>	\$205,965.00	\$206,975.00
<b>NET BALANCE</b>	\$228,129.00	\$229,250.00
<b>DEPRECIATION</b>	\$387,677.00	\$389,577.00
<b>FREE CASH FLOW (Net Balance + Depreciation)</b>	\$159,548.00	\$160,327.00

PROJECTED DATA CHART -- OTHER EXPENSES

☒ Total Facility  
☐ Project Only

<u>OTHER EXPENSE CATEGORY</u>	Year: 2017	Year: 2018
1. Professional Services	\$813,579.00	\$817,567.00
2. Contract Labor	\$88,848.00	\$89,284.00
3. Insurance	\$354,082.00	\$355,818.00
4. Education	\$3,220.00	\$3,236.00
5. Phone	\$15,183.00	\$15,257.00
6. Vehicle Expense	\$13,137.00	\$13,201.00
7. Travel & Meals	\$2,133.00	\$2,143.00
8. Outing & Special Events	\$2,271.00	\$2,282.00
9. Payroll Taxes	\$262,666.00	\$263,954.00
10.Dues & Subs	\$41,071.00	\$41,272.00
11.Advertising - Staff	\$6,068.00	\$6,098.00
12.Marketing	\$4,778.00	\$4,801.00
13.Patient Memorials	\$1,551.00	\$1,559.00
14.Penalties / Late Charges	\$425.00	\$427.00
15.Bank Service Charges	\$1,588.00	\$1,596.00
16.Donations	\$951.00	\$955.00
17.Utilities	\$205,025.00	\$206,030.00
18.Employee Relations	\$16,260.00	\$16,340.00
<b>TOTAL OTHER EXPENSE CATEGORY</b>	<b>\$1,832,836.00</b>	<b>\$1,841,820.00</b>

5. A. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.

	Previous Year	Current Year (Ann. YTD 8/31/16)	Year One	Year Two	% Change (2015 to Year 2)*
<b>Gross Charge (Gross Operating Revenue/Utilization Data)</b>	\$276.32 per pt. day	\$284.79 per pt. day	\$273.47 per pt. day	\$273.46 per pt. day	-2.9%
<b>Deduction from Revenue (Total Deductions/Utilization Data)</b>	\$48.64 per pt. day	\$49.81 per pt. day	\$51.66 per pt. day	\$51.66 per pt. day	3%
<b>Average Net Charge (Net Operating Revenue/Utilization Data)</b>	\$226.91 per pt. day	\$234.98 per pt. day	\$221.81 per pt. day	\$221.80 per pt. day	-5.1%

\*Because the current year financials are annualized numbers, they are not going to be as accurate as a full previous year's. Therefore, the comparison in column six is based on the change between 2015 and Year 1.

The financial projections take into account historical fluctuations in expenses. For this reason, it was assumed there would be similar fluctuations in the future. So the decline in projected gross and net charges in Year 2 over those in 2015, as reflected in the table, have nothing to do with the one additional bed.

- B. Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

Room & Board Rates:

Semi-private Room      \$200.00

Private Room              \$220.00

These are the current rates. This project will not result in any rate increase. Anticipated revenues for the entire facility are reflected on the Projected Data Chart. It is not practical to prepare a Projected Data Chart for only one bed.

- C. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

Room and Board rates for other facilities are not publicly available. The patient revenue per day for other facilities, taken from the 2014 Joint Annual Reports, is reflected below.

<u>Facility</u>	<u>Patient revenue per patient day</u>
Hermitage Health Center	\$248.93
Hillview Health Center	\$299.91
Life Care Center of Elizabethton	\$207.42
Pine Ridge Care and Rehabilitation	\$216.15
Roane Highlands Nursing Center	\$222.17

6. **A. Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment Section B-Economic Feasibility-6A. NOTE: Publicly held entities only need to reference their SEC filings.**

As reflected in the Projected Data Chart, the project will be profitable from the outset.

A copy of the most recent audited financial statements is attached as Attachment Section B-Economic Feasibility-6A.

- B. Net Operating Margin Ratio – Demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).**

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following table:

Year	2nd Year previous to Current Year	1st Year previous to Current Year	Current Year	Projected Year 1	Projected Year 2
<b>Net Operating Margin Ratio</b>	.0922	.19382	.1839	.14447	.14447

- C. **Capitalization Ratio (Long-term debt to capitalization)** – Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt/Total Equity (Net assets)) x 100).

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

From 2015 Audited Balance Sheet	
Long Term Debt:	
Mortgage Payable	\$5,382,818
Note Payable	\$46,254
Total Long Term Debt	\$5,429,072
Total Stockholders' Equity	(\$1,327,259)
Capitalization Ratio	132.36%

7. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

**Applicant's Projected Payor Mix, Year 1**

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	\$2,597,632.00	26.5%
TennCare/Medicaid	\$5,077,635.00	51.8%
Commercial/Other Managed Care	\$548,993.00	5.7%
Self-Pay	\$519,526.00	5.3%
Charity Care	\$0.00	0%
Other (Specify) Hospice & VA	\$1,058,599.00	10.7%
Total	\$9,802,385.00	100%

8. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions. Additionally, please identify projected salary amounts by position classifications and compare the clinical staff salaries to

prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources.

Position Classification	Existing FTEs (2016)	Projected FTEs Year 1	Average Wage (Hourly Rate)	Area Wide/Statewide Average Wage
<b>A. Direct Patient Care Positions</b>				
Nursing Adm. Nurses	3.27	3.27	\$29.21	\$28.41
RN	4.31	4.31	\$29.72	\$28.41
LPN	15.52	15.52	\$20.65	\$18.33
CNA	42.78	42.78	\$12.53	\$11.20
<b>Total Direct Patient Care Positions</b>	65.88	65.88		

<b>B. Non-Patient Care Positions</b>				
Administrator/Asst.	2.24	2.24	\$88.12	
Adm. Office	2.42	2.42	\$21.17	
Dietary	9.69	9.69	\$11.67	
Housekeeping	8.74	8.74	\$9.54	
Laundry	2.98	2.98	\$9.28	
Unit Clerk	.51	.51	\$7.32	
Medical Records	1.06	1.06	\$17.90	
Maintenance	3.53	3.53	\$14.64	
Activities/Chaplain	2.65	2.65	\$13.81	
Social/Marketing/Admissions	2.64	2.64	\$21.13	
<b>Total Non-Patient Care Positions</b>	36.46	36.46		
<b>Total Employees (A+B)</b>	102.34	102.34		
<b>C. Contractual Staff</b>	5.9	Not Available		
<b>Total Staff (A+B+C)</b>	108.24			

9. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

A. Discuss the availability of less costly, more effective and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, justify why not, including reasons as to why they were rejected.

No such alternatives were identified. There is not sufficient room in the facility to add more beds or rooms. The existing private rooms are not large enough to accommodate another

bed by converting them to semi-private rooms, which is not desirable anyway. There are geographic barriers which prevent expanding the footprint of the building.

However, the facility currently has an empty room that is used as an isolation room that does not have a licensed bed. (A patient needing isolation is rolled from a private or semi-private room to the empty isolation room). This space can be more efficiently utilized by putting an additional licensed bed in that room.

**B. Document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements.**

N/A. No construction is involved in this project.

**CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE**

1. List all existing health care providers (i.e., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, that may directly or indirectly apply to the project, such as, transfer agreements, contractual agreements for health services.

A list of all vendors of Ivy Hall is attached as Attachment Section B-Orderly Development-1.

2. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact to consumers and existing providers in the service area. Discuss any instances of competition and/or duplication arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

**A. Positive Effects**

The positive effect the project will have is making one more bed available at Ivy Hall, which is the nursing home of choice to consumers in the service area, as evidenced by its high occupancy rates. Ivy Hall consistently operates at or near its licensed bed capacity.

While the addition of one bed will not provide much relief or improvement as far as the occupancy rate, it will provide some additional capacity. Moreover, there is no viable option for adding more than one bed. There is not sufficient room in the facility to add more beds or rooms. The existing private rooms are not large enough to accommodate another bed by converting them to semi-private rooms, which is not desirable anyway. There are geographic barriers which prevent expanding the footprint of the building.

However, the facility currently has an empty room that is used as an isolation room that does not have a licensed bed. (A patient needing isolation is rolled from a private or semi-private room to the empty isolation room). This space can be more efficiently utilized by putting an additional licensed bed in that room.

**B. Negative Effects**

The addition of only one bed to the service area should not threaten the financial viability of existing facilities, or result in any other significant negative impact. The one additional bed represents only 0.17% of the current inventory of 574 licensed beds in the service area.



- 3. A. Discuss the availability of and accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements and/or requirements of accrediting agencies, such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.**

No additional staff will be required as a result of this project. Ivy Hall will continue to meet or exceed the required staffing ratios and other requirements of the Tennessee Department of Health and the Joint Commission.

- B. Verify that the applicant has reviewed and understands all licensing and/or certification as required by the State of Tennessee and/or accrediting agencies such as the Joint Commission for medical/clinical staff. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.**

The ownership and management of Ivy Hall are experienced health care professionals in the field of long term care and are very familiar with all relevant laws, regulations and policies.

- C. Discuss the applicant's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).**

Ivy Hall has conducted the following C.N.A. classes YTD 2016::

2/22/16            to            3/25/16

5/9/16            to            6/24/16

7/27/16            to            8/31/16

In addition, Ivy Hall has conducted, or is scheduled to conduct, 34 sessions of in-service training for its staff in 2016.

- 5. Identify the type of licensure and certification requirements applicable and verify the applicant has reviewed and understands them. Discuss any additional requirements, if applicable. Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.**

**Licensure:**            Tennessee Department of Health, Board for Licensing Health Care Facilities

**Certification Type (e.g. Medicare SNF, Medicare LTAC, etc.):**    Skilled Nursing Facility

**Accreditation (i.e., Joint Commission, CARF, etc.):**            The Joint Commission

- A. If an existing institution, describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility and accreditation designation.**

Ivy Hall is in good standing with both the licensing and accrediting authorities. Copies of the license and accreditation certificate are attached as Attachment Section B-Orderly Development-5A.

- B. For existing providers, please provide a copy of the most recent statement of deficiencies/plan of correction and document that all deficiencies/findings have been corrected by providing a letter from the appropriate agency.**

A copy is attached as Attachment Section B-Orderly Development-5B.

- C. Document and explain inspections within the last three survey cycles which have resulted in any of the following state, federal, or accrediting body actions: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions.**

None.

- 1) Discuss what measures the applicant has or will put in place to avoid similar findings in the future.

N/A.

**6. Respond to all of the following and for such occurrences, identify, explain and provide documentation:**

**A. Has any of the following:**

- 1) Any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant);
- 2) Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%; and/or
- 3) Any physician or other provider of health care, or administrator employed by any entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%.

**B. Been subjected to any of the following:**

- 1) Final Order or Judgment in a state licensure action;

No

- 2) Criminal fines in cases involving a Federal or State health care offense;

No

- 3) Civil monetary penalties in cases involving a Federal or State health care offense;

No

- 4) Administrative monetary penalties in cases involving a Federal or State health care offense;

No

- 5) Agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and services; and/or

No

- 6) Suspension or termination of participation in Medicare or Medicaid/TennCare programs.

No

7) Is presently subject of/to an investigation, regulatory action, or party in any civil or criminal action of which you are aware.

No

8) Is presently subject to a corporate integrity agreement.

No

6. Outstanding Projects:

A. Complete the following chart by entering information for each applicable outstanding CON by applicant or share common ownership; and

N/A.

<u>Outstanding Projects</u>					
<u>CON Number</u>	<u>Project Name</u>	<u>Date Approved</u>	<u>*Annual Progress Report(s)</u>		<u>Expiration Date</u>
			<u>Due Date</u>	<u>Date Filed</u>	

\* Annual Progress Reports – HSDA Rules require that an Annual Progress Report (APR) be submitted each year. The APR is due annually until the Final Project Report (FPR) is submitted (FPR is due within 90 ninety days of the completion and/or implementation of the project). Brief progress status updates are requested as needed. The project remains outstanding until the FPR is received.

B. Provide a brief description of the current progress, and status of each applicable outstanding CON.

N/A.

7. **Equipment Registry – For the applicant and all entities in common ownership with the applicant.**

A. **Do you own, lease, operate, and/or contract with a mobile vendor for a Computed Tomography scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), and/or Positron Emission Tomographer (PET)?**

No

B. **If yes, have you submitted their registration to HSDA? If you have, what was the date of submission?**

N/A.

C. **If yes, have you submitted your utilization to Health Services and Development Agency? If you have, what was the date of submission?**

N/A.

## **QUALITY MEASURES**

**Please verify that the applicant will report annually using forms prescribed by the Agency concerning continued need and appropriate quality measures as determined by the Agency pertaining to the certificate of need, if approved.**

The applicant so verifies.

## **SECTION C: STATE HEALTH PLAN QUESTIONS**

**T.C.A. §68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at <http://www.tn.gov/health/topic/health-planning> ). The State Health Plan guides the State in the development of health care programs and policies and in the allocation of health care resources in the State, including the Certificate of Need program. The 5 Principles for Achieving Better Health are from the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.**

**Discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.**

1. **The purpose of the State Health Plan is to improve the health of the people of Tennessee.**

Ivy Hall Nursing Home has been providing high quality skilled nursing care to the service area for approximately 50 years. It has improved the health of countless individuals and will continue to do so.

2. **People in Tennessee should have access to health care and the conditions to achieve optimal health.**

Ivy Hall is accessible to all individuals in need of skilled nursing care. The additional bed requested in this application will improve access to care by making one more bed available.

3. **Health resources in Tennessee, including health care, should be developed to address the health of people in Tennessee while encouraging economic efficiencies.**

The addition of one bed will at least slightly improve access to care for those needing a skilled nursing bed, and who choose Ivy Hall as their provider of choice. There is no viable option for adding more than one bed. There is not sufficient room in the facility to add more beds or rooms. The existing private rooms are not large enough to accommodate another bed by converting them to semi-private rooms, which is not desirable anyway. There are geographic barriers which prevent expanding the footprint of the building.

However, the facility currently has an empty room that is used as an isolation room that does not have a licensed bed. (A patient needing isolation is rolled from a private or semi-private room to the empty isolation room). This space can be more efficiently utilized by putting an additional licensed bed in that room.

**4. People in Tennessee should have confidence that the quality of health care is continually monitored and standards are adhered to by providers.**

Ivy Hall is in good standing with the TDOH and the Joint Commission. Ivy Hall had no serious deficiencies on its most recent survey in May of 2016. Ivy Hall has a 4 star (out of 5) rating on the CMS Nursing Home Compare web site. It is a consistently high quality long term care provider.

**5. The state should support the development, recruitment, and retention of a sufficient and quality health workforce.**

No additional staffing is required by this project.

## PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.

A Publisher's Affidavit has been requested and will be submitted with the Supplemental Responses.

## NOTIFICATION REQUIREMENTS

(Applies only to Nonresidential Substitution-Based Treatment Centers for Opiate Addiction)

Note that T.C.A. §68-11-1607(c)(9)(A) states that "...Within ten (10) days of the filing of an application for a nonresidential substitution-based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the state representative and senator representing the house district and senate district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution-based treatment center for opiate addiction has been filed with the agency by the applicant."

Failure to provide the notifications described above within the required statutory timeframe will result in the voiding of the CON application.

Please provide documentation of these notifications.

N/A.

## DEVELOPMENT SCHEDULE

T.C.A. §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.

A Project Completion Forecast Chart is attached following this page.

2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the "good cause" for such an extension.

N/A. No extension is requested.

# PROJECT COMPLETION FORECAST CHART

Assuming the Certificate of Need (CON) approval becomes the final HSDA action on the date listed in Item 1. below, indicate the number of days from the HSDA decision date to each phase of the completion forecast.

<u>Phase</u>	<u>Days Required</u>	<u>Anticipated Date [Month/Year]</u>
1. Initial HSDA decision date		February, 2017
2. Architectural and engineering contract signed		
3. Construction documents approved by the Tennessee Department of Health		
4. Construction contract signed		
5. Building permit secured		
6. Site preparation completed		
7. Building construction commenced		
8. Construction 40% complete		
9. Construction 80% complete		
10. Construction 100% complete (approved for occupancy)		
11. *Issuance of License	30	March, 2017
12. *Issuance of Service	30	March, 2017
13. Final Architectural Certification of Payment		
14. Final Project Report Form submitted (Form HR0055)		

\*For projects that DO NOT involve construction or renovation, complete Items 11 & 12 only.

NOTE: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date



## LIST OF ATTACHMENTS

### Ivy Hall Nursing Home CON Application

Corporate Documentation	<u>Attachment Section A-4A-1</u>
Corporate Ownership Chart	<u>Attachment Section A-4A-2</u>
Management Agreement	<u>Attachment Section A-5</u>
Deeds	<u>Attachment Section A-6A</u>
Plot Plan	<u>Attachment Section A-6B-1</u>
Floor plan	<u>Attachment Section A-6B-2</u>
Bed Need Formula Calculations	<u>Attachment Section B-Need-1</u>
Map of the Service Area	<u>Attachment Section B-Need-3</u>
Carter County Nursing Homes Utilization Data	<u>Attachment Section B, Need, 4</u>
Population and Demographics Data	<u>Attachment Section B, Need, 4A</u>
Funding Letter	<u>Attachment Section B, Economic Feasibility, 2</u>
Financial Statements	<u>Attachment Section B-Economic Feasibility-6A</u>
Vendors List	<u>Attachment Section B-Orderly Development-1</u>
License and Accreditation Certificate	<u>Attachment Section B-Orderly Development-5A</u>
Survey and Corrective Action Plan	<u>Attachment Section B-Orderly Development-5B</u>



**STATE OF TENNESSEE**  
**Tre Hargett, Secretary of State**  
Division of Business Services  
William R. Snodgrass Tower  
312 Rosa L. Parks AVE, 6th FL  
Nashville, TN 37243-1102

## Filing Information

Name: **Ivy Hall, Inc.**

### General Information

<b>SOS Control #</b>	<b>000016030</b>	Formation Locale:	TENNESSEE
Filing Type:	For-profit Corporation - Domestic	Date Formed:	06/13/1961
	06/13/1961 4:30 PM	Fiscal Year Close	12
Status:	Active		
Duration Term:	Perpetual		

### Registered Agent Address

JUDY C DELOACH  
301 S WATAUGA AVE  
ELIZABETHTON, TN 37643-3546

### Principal Address

301 S WATAUGA AVE  
ELIZABETHTON, TN 37643-3546

The following document(s) was/were filed in this office on the date(s) indicated below:

Date Filed	Filing Description	Image #
03/18/2016	2015 Annual Report	B0212-3731
03/27/2015	2014 Annual Report	B0070-6415
09/26/2014	Articles of Amendment	B0005-8787
	Filing Name Changed From: IVY HALL NURSING HOME, INC. To: Ivy Hall, Inc.	
09/26/2014	Assumed Name	B0005-8788
	New Assumed Name Changed From: No Value To: Ivy Hall Nursing Home	
03/18/2014	2013 Annual Report	7301-2843
01/31/2013	2012 Annual Report	7140-0715
01/30/2012	2011 Annual Report	6988-1707
	Principal Address 1 Changed From: 301 SOUTH WATAUGA AVENUE To: 301 S WATAUGA AVE	
	Principal Postal Code Changed From: 37643 To: 37643-3546	
	Principal County Changed From: No value To: CARTER COUNTY	
01/21/2011	2010 Annual Report	6818-3054
06/15/2010	2009 Annual Report	A0034-2334
	Principal Address 1 Changed From: 301 WATAUGA AVENUE To: 301 SOUTH WATAUGA AVENUE	
	Registered Agent Physical Address 1 Changed From: 301 WATAUGA AVE To: 301 SOUTH WATAUGA AVENUE	
06/03/2010	Notice of Determination	A0020-2221
07/27/2009	Articles of Amendment	6575-1280

9/7/2016 3:27:59 PM

Page 1 of 2

## Filing Information

Name: **Ivy Hall, Inc.**

02/06/2009	2008 Annual Report	6441-1216
02/19/2008	2007 Annual Report	6217-2587
02/15/2007	2006 Annual Report	5953-2582
01/23/2006	2005 Annual Report	5662-0151
03/29/2005	2004 Annual Report	5405-0943
02/25/2004	2003 Annual Report	5048-1201
04/14/2003	Articles of Amendment	4791-0298
	Registered Agent Changed	
01/10/2003	2002 Annual Report	4694-0613
01/23/2002	2001 Annual Report	4400-1827
02/28/2001	2000 Annual Report	4135-0236
02/24/2000	1999 Annual Report	3836-2405
10/21/1993	Articles of Amendment	2748-1867
	Principal Address Changed	
	Registered Agent Physical Address Changed	
07/09/1992	CMS Annual Report Update	2500-0576
	Registered Agent Physical Address Changed	
	Registered Agent Changed	
06/19/1992	Notice of Determination	ROLL 2487
06/16/1990	Administrative Amendment	FYC/REVENUE
	Fiscal Year Close Changed	
09/05/1989	Articles of Amendment	1436-0107
	Principal Address Changed	
08/04/1988	Registered Agent Change (by Entity)	903-0075
	Registered Agent Changed	
09/17/1987	Administrative Amendment	710 03463
	Mail Address Changed	
07/30/1986	Application for Reinstatement	626 03000
04/09/1985	Dissolution/Revocation - Administrative	536 01728
06/13/1961	Initial Filing	BV61P2145

### Active Assumed Names (if any)

	Date	Expires
Ivy Hall Nursing Home	09/26/2014	09/26/2019

Charter Form  
Chapter 90, Acts of 1929

## STATE OF TENNESSEE

### Certificate of Incorporation

**Name.** First. The name of this corporation is  
IVY HALL NURSING HOME, INC.

**Address.** Second. The address of the principal office of this corporation in the State of Tennessee is  
ELIZABETHTON, TENNESSEE.

**Business.** Third. The general nature of the business to be transacted by this corporation is  
CONDUCTING A NURSING HOME AND DOING ALL THINGS NECESSARY  
IN CONNECTION THEREWITH, INCLUDING THE MANAGEMENT AND  
OWNERSHIP OF REAL AND PERSONAL PROPERTY AND THE RENTAL  
AND OR SALE THEREOF.

Stock, with  
Classifica-  
tions and  
Distinguish-  
ing Charac-  
teristics,  
if any.

Fourth. The maximum number of shares of stock which this corporation is authorized to have outstanding at any time is

ONE THOUSAND (1,000) SHARES OF NO PAR STOCK.

Initial  
Capital.

Fifth. The amount of capital with which this corporation will begin business shall be (not less than One Thousand) \$1,000.00 Dollars;  
and when such amount so fixed shall have been subscribed for, all subscriptions of the stock of this corporation shall be enforceable and it may proceed to do business in the same manner and as fully as though the maximum number of shares authorized under the provisions of the preceding section hereof shall have been subscribed for.

Duration.

Sixth. The time of existence of this corporation shall be  
PERPETUAL

Other Pro-  
visions.  
(See Section 5,  
Sub-section 7,  
of the  
Corporation  
Act of 1929.)

Seventh.

DOING ALL THINGS ALLOWED BY SAID ACT AS OTHER CORPORATIONS  
ARE SO ALLOWED.

We, the undersigned, apply to the State of Tennessee, by virtue of the laws of the land, for a Charter of Incorporation for the purposes and with the powers, etc., declared in the foregoing instrument.

Witness our hands this the 5th day of June, 1961.

Subscribing Witness:

*Charlotte Beater*  
*Phylla Kenney*  
*Ralph Ferny*

STATE OF TENNESSEE, COUNTY OF CARTER

Personally appeared before me M. S. BANGS

(Clerk of the County Court or Notary Public) the within named incorporators,

CHARLOTTE BEATER, PHYLLA KENNEY & RALPH FERNY

with whom I am personally acquainted, and who acknowledged that they executed the within application for a Charter of Incorporation for the purposes therein contained and expressed.

Witness my hand and official seal at office in ELIZABETHTON

Tennessee, this

5th day of June, 1961

*M. S. Bangs*

(Signature of County Court Clerk or Notary Public)

(If Notary Public) My commission expires 5th day of November, 1961.

(Official Title)

(Certificate of Probate for Subscribing Witness, if not Acknowledged by all of the Incorporators.)

STATE OF TENNESSEE, COUNTY OF

Personally appeared before me

of said County, the within named

the subscribing witness and incorporator, with whom I am personally acquainted, and who acknowledged that he executed the within application for a Charter of Incorporation for the purposes therein contained and expressed; and the said subscribing witness to the signatures subscribed to the within application, being first duly sworn, deposed and said that he is personally acquainted with the within named incorporators,

and they did in his presence acknowledge that they executed the within application for a Charter of Incorporation for the purposes therein contained and expressed.

Witness my hand and official seal at office in

Tennessee, this

day of, 19

(Signature of County Court Clerk or Notary Public)

(If Notary Public) My commission expires day of, 19

(Official Title)

I, JOE C. CARR, Secretary of State, do certify that this Charter, with certificate attached, the foregoing of which is a true copy, was this day registered and certified to by me.

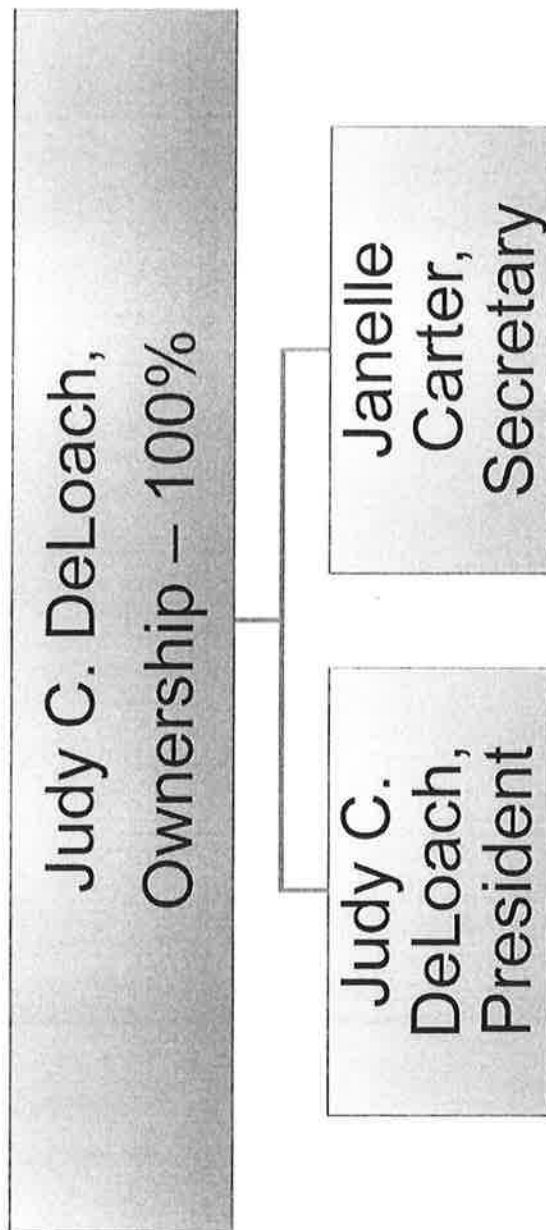
This the 13th day of June, 1961.

JOE C. CARR.

SECRETARY OF STATE

FEE: \$20.00

# **Ivy Hall, Inc., d/b/a Ivy Hall Nursing Home Ownership and Officers**





## ASSIGNMENT OF CONSULTING AGREEMENT

THIS ASSIGNMENT OF CONSULTING AGREEMENT (the "Agreement") made and entered into this the 18<sup>th</sup> day of DECEMBER, 2006, by and among CARE CENTERS MANAGEMENT GROUP, INC., a Tennessee corporation having an address of 2020 Northpark, Suite 2D, Johnson City, Tennessee 37604 ("Assignee"), CARE CENTERS MANAGEMENT OF ELIZABETHTON, INC., a Tennessee corporation having an address of 2020 Northpark, Suite 2D, Johnson City, Tennessee 37604 ("Assignor"), and Ivy Hall Nursing Home, Inc., a Tennessee corporation having an address of 301 Watauga Avenue, Elizabethton, Tennessee 37643 ("Facility").

### WITNESSETH:

WHEREAS, Facility and Assignor entered into that certain Services and Consulting Agreement with an effective date of October 1, 2003, whereby Assignor agreed to provide certain services in return for certain consideration (the "Consulting Agreement"), a copy of which is attached hereto and incorporated herein as Exhibit A, and that certain Business Associate Agreement that runs concurrently therewith (the "BA Agreement"), a copy of which is attached hereto and incorporated herein as Exhibit B, (the Consulting Agreement and the BA Agreement are hereinafter collectively referred to as the "Assigned Agreements");

WHEREAS, Assignor and Assignee entered into that certain Subcontracting Agreement (the "Subcontracting Agreement") and that certain Business Associate Agreement that runs concurrently therewith (the "Sub-BA Agreement"), the term of both of which runs contemporaneously with the Assigned Agreements, and pursuant to which Assignee agreed to perform all or substantially all of the duties Assignor is obligated to perform under the Consulting Agreement in return for a percentage of the Consulting Fees actually received by Assignor under the Consulting Agreement;

WHEREAS, (1) Assignor desires to assign its rights and delegate its duties under the Assigned Agreements to Assignee, and Assignee desires to accept such assignment and delegation; (2) Facility desires to consent to such assignment and delegation; and (3) Assignor and Assignee desire to terminate the Subcontracting Agreement and the Sub-BA Agreement.

NOW, THEREFORE, for and in consideration of the premises, the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Assignment. Effective as of 12:01 a.m., January 1, 2007 (the "Assignment Effective Date"), Assignor hereby assigns its rights and delegates its duties under the Assigned Agreements to Assignee, and Assignee hereby accepts such assignment and delegation.

2. Consent to Assignment. Facility hereby consents to the assignment and delegation described in Section 1 above and releases Assignor from any and all claims of any nature whatsoever arising out of events occurring after the Assignment Effective Date.

3. Termination of Subcontracting Agreement and Sub-BA Agreement. Assignor and Assignee hereby terminate the Subcontracting Agreement and the Sub-BA Agreement, effective as of the "Assignment Effective Date".

4. Notices. The Notice provisions under the Assigned Agreements, if any, are hereby modified to provide the following notice address for Assignee:

Notice to: Care Centers Management Group, Inc.  
2020 Northpark, Suite 2D  
Johnson City, Tennessee 37604  
Attn: General Counsel

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

ASSIGNEE:

CARE CENTERS MANAGEMENT GROUP, INC.

By: 

J.R. Lewis, President

ASSIGNOR:

CARE CENTERS MANAGEMENT OF ELIZABETHTON, INC.

By: 

J.R. Lewis, President

FACILITY:

Ivy Hall Nursing Home, Inc.

By: 

Judy C. Deloach, President

EXHIBIT A

EXHIBIT B

## SERVICES AND CONSULTING AGREEMENT

THIS SERVICES AND CONSULTING AGREEMENT ("Agreement") is made and entered into as of the Effective Date by and between IVY HALL NURSING HOME, INC., a Tennessee corporation having an address of 301 Watauga Avenue, Elizabethton, Tennessee 37643 ("Owner"), and CARE CENTERS MANAGEMENT OF ELIZABETHTON, INC., a Tennessee Corporation, having an office at 2020 Northpark, Suite 2F, Johnson City, Tennessee 37604 ("Consultant").

### WITNESSETH:

WHEREAS, Owner owns (as lessee) a 100-bed nursing home located at 301 Watauga Avenue, Elizabethton, Tennessee 37643; and

WHEREAS, Owner desires to engage Consultant to provide services in furtherance of Project operations, subject to the terms and provisions of this Agreement, and Consultant agrees to perform the services provided for herein.

NOW THEREFORE, for and in consideration of the foregoing premises, the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

### ARTICLE I

#### DEFINITIONS

When used in this Agreement, the following words or terms shall have the following definitions:

1.1 "Effective Date" means October 1, 2003.

1.2 "Fiscal Year" means a year, commencing January 1, and ending December 31, except that the first Fiscal Year shall be that period commencing on the Effective Date and ending on the next succeeding December 31.

1.3 "Consultant Affiliate" means any entity in which Consultant owns and controls not less than fifty percent (50%) of the voting securities or equity interest.

1.4 "Improvements" means the Nursing Home and all other structural improvements situated on the Land.

1.5 "Interest Rate" means an annualized interest rate equal to the New York Prime Rate plus two percent (2.0%), calculated and accrued daily.

1.6 "Land" means the tract of land located at 301 Watauga Avenue, Elizabethton, Tennessee 37643.

1.7 "Nursing Home" means the nursing home located on the Land.

1.8 "Budget" means a forecast of Project Income and Project Expenses, including a budget for capital expenditures to be made relative to the Project pursuant to this Agreement for the period to which such Budget relates.

1.9 "Operating Plan" means an operating plan setting forth in reasonable detail the services presumed necessary or desirable during a given period for the operation and maintenance of the Project as a Nursing Home including the basic services (as set forth in Section 4.1 below), schedules setting forth job descriptions and standards, Salaries, and Benefits that constitute Project Operating Expenses, a marketing plan for the Project, and an insurance program for the Project.

1.10 "Owner Affiliate" means (i) any person, firm, corporation, or other entity which controls, is controlled by, or is under common control with Owner, directly or indirectly; or (ii) any partnership, venture, trust, or similar entity in which Owner is a general partner, a managing general partner, a managing venturer, trustee, or otherwise holds a management position; or (iii) any successor of Owner by change of name, merger, acquisition, consolidation, dissolution and distribution of assets, bulk transfer of assets, or similar reorganizational action.

1.11 "Patients" means the residents of the Nursing Home.

1.12 "Payments to Consultant" means the Consulting Fee provided in Article VII below.

1.13 "Project" means the Land, the Improvements, and the Nursing Home operation.

1.14 "Project Expenses" means, with respect to a specific period of time, all expenses, costs, and charges of every kind and nature incurred during such period of time pursuant to an Approved Budget, as defined in Section 3.1 hereof, (and including variances to Approved Budgets) or any other provision of this Agreement expressly permitting the incurrence of such expense, cost, or charge as a Project Expense, or pursuant to any specific written instructions or directives given by Owner to Consultant pursuant to the provisions of this Agreement, in connection with the operation and maintenance of the Project, (including, without limitation, Project Operating Expenses and those expenses, costs, and charges incurred in the performance of Extraordinary Services and any emergency services).

1.15 "Project Income" means, with respect to a specific period of time, the revenues actually received from all sources in connection with the operation of the Project during such period of time, reduced by the amount of Project bad debts (i.e., uncollectible accounts receivables) written off during such period of time which bad debts are attributable to billings for Project services provided on or after the Effective Date. Project bad debt attributable to Project billings for services provided prior to the Effective Date shall not be applied as a reduction to revenues. Project Income shall not include or mean (i) capital contributions of Owner, (ii) non-Patient-services-related insurance proceeds (however, business interruption insurance proceeds shall be included in "Project Income"), (iii) tax refunds, (iv) condemnation proceeds or awards, or (v) amounts collected from Patients as security deposits, if any, except to the extent those security deposits are actually applied against the payments owed to the Nursing Home.

1.16 "Project Operating Expenses" means, with respect to a specific period of time, all expenses, costs, and charges incurred in connection with the operation and maintenance of the Project for such period of time including regular current period installments (debt service payments) of interest and principal payments on any Project-related debt except for any debts incurred now or later to fund operating losses, Medicaid, and/or Medicare revenue recoupments, judgments, or awards attributable to the Project and its operations prior to the Effective Date. The term "Project Operating Expenses" excludes allowances for depreciation and any Consulting Fees paid to, accrued, earned by, and/or owed to the Consultant, pursuant to Article VII hereof.

1.17 "Salaries and Benefits" means salary, wages, bonuses, and other direct compensation, group life, accident, disability, medical and health insurance, pension plans, social security payments, payroll and other employee taxes, worker's compensation payments, employer's contribution to F.I.C.A., unemployment compensation, and similar so-called fringe benefits.

1.18 "Administrator" means the individual charged with the responsibility of administration and management of the Nursing Home. The Administrator shall be an employee of Owner and shall be licensed pursuant to Tennessee law.

1.19 "Service Center Expenses" means those expenses associated with the performance, at a central location, of certain services, including, without limitation, human resource services, billing and collection services, legal services, risk management services, executive direct care coordinator services, rehabilitation management services, marketing services, and plant maintenance consulting services, performed either by Consultant or a Consultant Affiliate subcontracted to perform such services (the "Service Center"). The Service Center directly incurs, on behalf of several facilities, the direct costs and related overhead expenses associated with the above services and each month bills each facility its pro-rata share of such costs and expenses based on the facility's patient days.

When used in this Agreement, the words and terms for which definitions are specified in the introductory paragraph of this Agreement and in the further Articles of this Agreement shall have the definitions respectively therein ascribed to them.

## ARTICLE II

### RELATIONSHIP OF PARTIES

2.1 Status of Consultant. It is expressly acknowledged by the Parties that Consultant is an independent contractor, and nothing contained in this Agreement is intended or shall be construed (a) to create a partnership or joint venture between the Parties, or any affiliate, employee, officer, agent, or associate of any of the Parties, (b) to cause either Party or any affiliate, employee, agent, or associate of either Party to be responsible in any way for the debts, liabilities, or obligations of the other Party, or (c) to constitute an employer-employee relationship between the Parties. In the event the Internal Revenue Service should question or challenge the independent contractor status of Consultant, the Parties mutually agree that Consultant and Owner shall have the right to participate in any discussion or negotiation occurring with the Internal Revenue Service, irrespective of whom or by whom those discussions or negotiations are initiated.

2.2 Intentionally omitted.

**2.3 Clarification Of Consultant's Services.** Owner and Consultant hereby represent, each to the other, that Consultant will not provide Patient services, and in no way and under no circumstances shall Consultant be held responsible for the quantity and/or quality of said Patient services provided by the Nursing Home. All Patient services shall be provided solely by Owner's employees and contracted service providers (excluding Consultant), and the responsibility for same shall rest with Owner's employed/engaged staff and contractors. Consultant shall not be expected to directly or indirectly supervise Owner's line staff, general staff, or department managers.

**2.4 Other Contractors; Consultant's Liability.** Owner acknowledges that Consultant will arrange for Owner to enter into contracts ("Contracts") with others ("Contractors") providing for the performance of certain of the Project's services to be provided under this Agreement and that in the event a Project Contractor fails to perform such services, is negligent, engages in misconduct, or defaults under the contract (in any such case, a "Contractor Default"), Owner's remedies will be governed by such Contract and by applicable law.

Under the terms of this Agreement, neither Consultant nor its officers, directors, shareholders, constituent partners, employees, or agents shall ever be liable for any act or omission, negligent, tortious, or otherwise, of a Contractor or any agent or employee of a Contractor or its subsidiaries or affiliates, for any amount of damage or any other monetary obligation whatsoever that is in excess of the amount of cash proceeds actually recovered under the policies of liability insurance required to be maintained pursuant to the terms of Article V of this Agreement. Under no circumstance whatsoever shall Consultant, under any theory of action or recovery, ever be liable for or obliged to pay or satisfy any judgment for, any damages or other monetary obligation whatsoever that is in excess of the amount of such cash proceeds.

**2.5 Indemnity.** Owner agrees to indemnify, defend, and hold Consultant harmless from and against any loss, cost, expense, liability, or claim of any kind or nature whatsoever arising from or in connection with Consultant's performance of its duties under this Agreement.

### ARTICLE III

#### BUDGET

**3.1 Budget Preparation.** Consultant shall, in the manner prescribed by this Article III, provide consulting services to Owner to facilitate Owner's adoption of a Budget for the operation of the Project. As soon as reasonable and practicable for Consultant, and semiannually thereafter, Consultant shall prepare and deliver to Owner, in a form reasonably satisfactory to Owner, a proposed Budget for the next six months. When adopted pursuant to this Article III, such Budget shall be an "Approved Budget." There shall be two budget periods (a "Budget Period") annually. The first Budget Period shall run from January 1 through June 30 and the second Budget Period shall run from July 1 through December 31.

Owner shall adopt or decline to adopt the proposed Budget not later than thirty (30) days after receipt with respect to each Budget Period. If Owner does not adopt or decline to adopt the proposed Budget within such thirty (30) day period, then Owner shall be deemed to have adopted the Budget. If Owner objects to all or any portion of the proposed Budget, Owner shall furnish



Consultant with the reasons for its objections, and Owner and Consultant shall attempt to agree in respect to the items to which Owner objects, and if such agreement is not reached before the beginning of the applicable Budget Period, and without reference to whether more than one Budget Period shall lapse, then the Project shall be operated under a Budget (which for purposes of this Agreement, shall be considered to be an Approved Budget) that is the same as the last Approved Budget, and Consultant shall be authorized to incur expenses necessary for the fulfillment of Consultant's obligations under this Agreement consistent with such Budget.

3.2 Approved Budget. An Approved Budget shall constitute an authorization for Consultant to spend money to provide services required by this Agreement, and Consultant may do so without further approval. However, Owner acknowledges that the projections contained in the Budget submitted at the commencement of each Budget Period are good faith estimates that are subject to and that may be affected by changes in the marketplace and in financial, economic, and other conditions and circumstances beyond Consultant's control, causing variances when comparing actual financial performance to budgeted financial performance. Any variances in the results of actual operations from those contemplated in the Budget shall be set forth in the monthly financial reports from Consultant to Owner herein provided for in Section 4.1(e), and said variances shall be considered "Project Expenses" and "Project Operating Expenses."

## ARTICLE IV

### SERVICES

4.1 Administrative Services. Consultant shall provide the following administrative services to Owner:

(a) Service Contracts. Consultant shall (i) enter Owner into or renew, in the name of and at the expense of Owner, contracts (collectively, and including Contracts as defined in Section 2.4 hereof, referred to as "Service Contract") for electricity, gas, water, telephone, cleaning, fuel oil, elevator maintenance, vermin extermination, trash removal, linen service, and, upon the direction of the Administrator, other services in the ordinary course of the operation of the Project; (ii) at Administrator's direction, purchase at Owner's expense all supplies and equipment necessary to maintain and so operate the Project; and (iii) credit to Owner any discounts, rebates, or commissions obtained for purchases or otherwise. Prior approval by Owner is not required for any new Service Contract with a term of less than one (1) year or any new Service Contract that provides for termination by Owner (without the payment of premium or penalty) upon sixty (60) days' or less written notice. The Administrator shall be responsible for the day to day supervision of all Service Contract services including without limitation all purchasing.

(b) Maintenance and Repair. Pursuant to the direction of the Administrator, Consultant shall maintain or cause to be maintained at Owner's expense the Improvements and grounds of the Project. Such maintenance shall including, without limitation, interior and exterior cleaning, painting, decorating, plumbing, carpentry, and other normal maintenance and repair work.

(c) Collection. Consultant shall, at Owner's request, assist facility staff in their efforts to request, demand, collect, and receive all charges due from Patients and otherwise due Owner with respect to the Project.

(d) Project Expenses; Mortgage Loans. Consultant shall, at Owner's expense, pay all Project Expenses on or before the date (the "Due Date") after which interest or penalty will begin to accrue thereon; provided, however, that Consultant shall contest, if and to the extent appropriate, the payment of any Project Expense (or portion thereof) that Consultant has reasonable grounds to believe on the basis of the facts and information actually known to Consultant should be contested. Reasonable contest expenses shall be included as Project Expenses. Consultant shall give Owner reasonable notice, including advance notice if possible, of any such contest. Additionally, at the request of Owner, Consultant shall contest the amount or validity of any claimed Project Expense. In any instance in which Consultant has contested any Project Expense in accordance with the provisions of this Agreement, or has been requested by Owner to contest any Project Expense, then any interest or penalty that accrues and may thereafter become payable with respect to such Project Expense shall itself be a Project Expense.

(e) Reports. Consultant shall, as soon as reasonable and practicable each month, render to Owner a statement of income and expenses showing the results of operation of the Nursing Home for the preceding month and of the Fiscal Year to date. As soon as reasonable and practicable after the end of each Fiscal Year, Consultant shall deliver to Owner profit and loss statements showing Project Income, Project Expense, Payments to Consultant, the results of operations for that Fiscal Year, and (provided Consultant has sufficient information) a balance sheet of the Project as of the end of that Fiscal Year, prepared on an accrual basis in accordance with generally accepted accounting principles consistently applied. All such monthly reports shall be in the format normally utilized by Consultant. If so instructed by Owner, Consultant shall, at Owner's expense, have prepared and delivered to Owner audited financial statements within ninety (90) days after the close of each Fiscal Year. Consultant shall, upon reasonable notice from Owner, prepare and submit to Owner such other reports, certificates, or representations as Owner may reasonably request concerning such matters relating to the Project as are within the scope of Consultant's services provided for in this Agreement. If any such additional reports or alternate report formats requested by Owner require Consultant to engage auditors or other professionals to assist Consultant in designing or preparing such report, or require Consultant's employees to expend substantial amounts of additional time designing or preparing such report, then Owner shall promptly reimburse Consultant for the reasonable actual cost to Consultant of engaging such consultants, auditors or other professionals or of such time expended by Consultant's employees.

(f) Records. Consultant shall, at Owner's expense, maintain, at the address for Consultant provided for in Section 10.2 of this Agreement, or such other place or places as Owner may approve in advance, a system of office records, books, and accounts, including, without limitation, copies of all reports filed pursuant to subsection (e) above and any additional information or records reasonably required by Owner for the preparation of federal, state, and local tax returns, all in a manner reasonably satisfactory to Owner. Owner and others designated by Owner, including Owner's auditors and accountants, shall have, upon reasonable notice to Consultant and during normal business hours, access to and the right to audit and make copies of such records, accounts, books, and all vouchers, files, and other material pertaining to the Project and this Agreement, all of which Consultant shall keep safe and available to Consultant and Owner and all of which shall be owned by Owner and stored at Owner's expense of storage space.

(g) Legal Proceedings. Consultant shall institute, prosecute, and/or defend, in the name and at the expense of Owner, such actions and proceedings necessary to effect the purposes,

perform the services, and take the actions contemplated by this Agreement, including without limitation, actions (i) to evict Patients in default; (ii) to recover possession of rooms occupied by such Patients; (iii) to sue for and recover charges and other damages due from Patients and Residents and other persons obligated to Owner or Consultant in connection with the Project; (iv) to settle, compromise, and release any such actions or suits or reinstate such Patients; and (v) sign and serve in the name of Owner notices and other communications relating to any of the foregoing matters

(h) Process Insurance Claims. Unless requested otherwise by Owner, Consultant shall, at Owner's expense, process all claims under any insurance coverages pertaining to the Project in an expeditious manner, so as to minimize delay in receipt by the Project of the proceeds of such insurance.

(i) Maintenance of Licenses. Consultant shall assist in obtaining and maintaining all licenses, certifications, and permits required for operation of the Project, such as contracts with fiscal intermediaries and agencies and eligibility for participation in medical reimbursement programs. All licenses, certificates, and permits shall be obtained and maintained in the name and at the expense of the Owner. All cost and other reports prepared shall be an expense of Owner.

(j) Reimbursement Schedules. Consultant shall, at Owner's expense, (i) develop price and reimbursement schedules satisfactory to Owner; (ii) obtain approval of appropriate price schedules by government agencies and appropriate reimbursement schedules from third-party paying agencies; (iii) provide all statistical, financial, and other data necessary to obtain reimbursement from the appropriate agencies; and (iv) effect final settlement of all claims for reimbursement.

4.2 Quality Assurance Consulting Services. Consultant shall consult with Owner's representatives and employees to develop quality assurance policies and procedures for the Nursing Home. Thereafter Consultant shall, as requested by Owner, consult with Owner's representatives and employees concerning modifications to such policies and procedures. Notwithstanding the foregoing, Consultant shall not be responsible for implementation of, or adherence to, such policies and procedures by Owner's representatives and employees.

4.3 Extraordinary Services. Whenever Owner reasonably determines that a service not included in the basic services required to be rendered by the Consultant pursuant to the Agreement (and not constituting an emergency) is necessary or desirable for the efficient operation of the Nursing Home (collectively, the "Extraordinary Services"), Owner may request that Consultant perform the Extraordinary Services in accordance with directions of Owner as to the performance thereof and the amount to be expended by Owner therefore. Extraordinary Services may include:

(a) Major Repairs. Coordination and supervision of major repairs, replacements, and alterations to the Nursing Home not covered by the Budget.

(b) Compliance with Legal Requirements. Consultation regarding the Nursing Home's compliance with any and all orders or requirements affecting the Project by any federal, state, county, municipal, or other governmental authority having jurisdiction thereover.

(c) Tax Abatement and Eminent Domain. Consultation regarding the negotiation or prosecution by Owner of claims for the abatement of property and other taxes affecting the Nursing Home and for awards for taking by eminent domain affecting the Nursing Home.

(d) General. Performance of any other services, acts, items, or matters relating to or affecting the Nursing Home that are or may be desirable or necessary for the efficient operation thereof and that are not otherwise included within the services required by this Agreement. Notwithstanding the foregoing, Owner shall at all times be responsible for all marketing activities pertaining to the Project.

4.4 Expense of Owner. All services performed by Consultant under this Agreement shall be at Owner's expense. Notwithstanding any other provision of this Agreement to the contrary, Consultant shall not be obligated to make any advance to or for the account of Owner or to pay any sums, except out of funds held in any Owner account maintained under Article VI, nor shall Consultant be obligated to incur any liability or obligation for the account of Owner without assurance satisfactory to Consultant that the necessary funds for the discharge thereof are or shall be available.

## ARTICLE V

### INSURANCE

5.1 Owner's Insurance. Consultant shall, unless otherwise agreed by Owner, use its best efforts to obtain in Owner's name and at Owner's expense, and keep in force during the term of this Agreement, the following insurance coverages:

(a) comprehensive general liability and medical malpractice insurance, with broad form comprehensive endorsement, protecting and indemnifying Owner against claims for injury to or death of persons or damage to or destruction of property occurring upon, in, or about the Project and the adjoining streets (other than streets dedicated to and accepted for maintenance by the public). Such insurance shall (i) afford immediate protection to the limit of not less than \$1,000,000 combined single limit bodily injury and property damages and medical malpractice coverage of not less than \$1,000,000; (ii) be issued on an "occurrence basis" and be endorsed specifically to include within its scope of coverage all liabilities and indemnities for which Owner is obligated and liable under the terms of this Agreement; and (iii) not provide for a self-insured retention in excess of \$100,000;

(b) worker's compensation insurance with statutory and employee's liability insurance;

(c) employee's fidelity insurance in the amount of \$50,000 to protect Owner against misapplication of rents derived from operation of the Project by Consultant and its employees;

(d) auto liability insurance covering motor vehicles owned or hired by Owner, protecting and indemnifying Owner against claims for the injury to or death of persons or damage to or destruction of property. Such insurance shall afford immediate protection to the limit of not

less than \$250,000 for injury or death of each person; \$500,000 for injury to or death of persons for each occurrence; and \$100,000 for damage to or destruction of property;

(e) fire and extended coverage insurance on the Project and its components and contents against loss or damage by fire and other casualties covered under such form of policy, in an amount not less than the full replacement cost of the Project. In the event such insurance provides for a self insurance retention or a deductible amount, such self-insurance retention or deductible amount shall not exceed \$25,000; and

(f) such other coverages, in such amounts as shall be reasonably set forth by Owner.

Such insurance shall be written by companies that are nationally recognized and legally qualified to issue such insurance in Tennessee, shall be selected by Consultant, and shall name Owner as the insured and Consultant as an additional named insured.

**5.2 Policies.** Consultant shall use its best efforts to ensure that each policy referred to in Section 5.1 above shall:

(a) provide that it will not be canceled, amended, or reduced except after not less than ten (10) days' written notice to Owner and Consultant;

(b) provide that such insurance shall not be invalidated by any act or negligence of Owner or Consultant or any person or entity having an interest in the Project, by any foreclosure or other proceedings or notices thereof relating to the Project, or by any change in title to or ownership of the Project; and

(c) include a waiver of all rights of subrogation against Consultant and Owner, their respective officers, directors, shareholders, constituent partners, employees, and agents.

Consultant shall deliver to Owner certificates of insurance evidencing the existence of all insurance required to be maintained for Owner, such delivery to be made:

(a) within ten (10) days after the execution and delivery of this Agreement; and

(b) at least ten (10) days prior to the expiration date of any such insurance policy.

**5.3 Cooperation.** Consultant and Owner each shall furnish to the other whatever information is reasonably requested by the other for the purpose of obtaining the insurance coverages required hereunder.

**5.4 Other Contractor's Insurance.** Pursuant to the program of insurance for the Project, Consultant shall make reasonable attempts to require that each Nursing Home Contractor maintain insurance at the Contractor's expense, with such coverages and in such minimum amounts as are called for by said program except that Consultant may on behalf of Owner, in its sole discretion, waive any of the above requirements. Consultant shall, if required, obtain and keep on file a certificate of insurance showing that the Contractor is so insured.

## ARTICLE VI

### BANK ACCOUNTS

6.1 **Operating Account.** Consultant is authorized for and on behalf of Owner to establish an operating account for the Project at an FDIC insured bank to deposit all Project Income therein, and to pay all Project Expenses therefrom. Authorized signatories on such account shall be J.R. Lewis and Larry V. Linville, Consultant's President and Secretary respectively.

6.2 **Operating/Working Capital.** In order to meet the operating/working capital needs associated with the payment of Project Operating Expenses incurred (excluding debt service payments), Consultant shall advance up to an aggregate advance of One Hundred Twenty-Five Thousand Dollars (\$125,000.00) of operating/working capital for the Project (the "Capital Advance"), and shall make deposits of such operating/working capital in the operating account from time to time as Consultant deems necessary. It is understood and hereby agreed that Owner is engaging the services of Consultant due to Consultant's substantial success operating nursing homes effectively and profitably, and Owner thus agrees to allow Consultant to exercise its reasonable discretion in determining the need for Capital Advances. The Parties further understand and agree that should Owner fail to cooperate with Consultant regarding Consultant's performance of the basic services, Consultant shall have no obligation to make any Capital Advances.

The Capital Advance shall constitute a loan from Consultant to Owner and shall earn interest at an annualized interest rate equal to the New York Prime Rate plus 2.0%, which interest shall be calculated and accrued daily. The Capital Advance shall be evidenced by a customary demand note substantially in the form as that attached hereto as Exhibit A. Upon demand, Owner shall repay all principal and interest associated with the Capital Advances as follows: Owner shall pay monthly, for twenty-four (24) months, an amount equal to one twenty-fourth ( $1/24^{th}$ ) of the principal balance owed at the time of the demand plus all interest accrued for the prior month. Such repayment shall not be subject to offset of any kind. All Capital Advances shall be secured by Owner's accounts receivable, and Owner and Consultant agree to execute all documents necessary to evidence the security interest in Owner's accounts receivable, including, without limitation, an appropriate security agreement and a financing statement, and to perform all actions necessary to file the appropriate documents with the proper public offices for the purpose of perfecting such security interest. Owner hereby represents that its accounts receivable are not now subject to any encumbrance or security interest that would be senior to that of Consultant's contemplated herein, and Owner agrees that no such senior security interest shall be granted or allowed for the term of this Agreement. Owner agrees that upon demand, all collections of its accounts receivable shall be applied first to satisfy repayment of the demand note contemplated by this Section 6.2.

6.3 **Right to Collect Payments to Consultant.** To the extent funds are available in the Operating Account, Consultant shall be entitled to and is hereby authorized to disburse to itself the accrued Payments to Consultant, but not more than once each calendar month. To the extent funds are not available in the operating account to pay same, such accrued Payments to Consultant shall continue to accrue without interest, and shall be payable as provided in Article VII hereof.

## ARTICLE VII

### CONSULTING FEE AND ADDITIONAL PAYMENTS

7.1 Consulting Fee; Cost Center Allocations. During the term of this Agreement, Owner shall pay Consultant, in the manner provided below, Consulting Fees equal to five percent (5.0%) of the Project Income during the year concerned. Project Income for purposes of this Section 7.1 shall not include income adjustments relating to periods of time dating prior to the Effective Date. In addition, Owner shall pay Consultant its pro-rata share of Service Center Expenses, as defined in Section 1.19 above.

7.2 Payment of Consulting Fee and Service Center Allocations. The Consulting Fee shall be due in advance on the first day of each month, shall be paid no later than the tenth day of each month, and shall be calculated by multiplying the number of Patient days in the preceding month by the Project Income of the Project per Patient day for the Fiscal Year to date as shown on the most recent monthly statement provided under Section 4.1(e) hereof, the result then being multiplied by five percent (5.0%). Income adjustments relating to periods of time dating prior to the Effective Date shall not be included in Project Income for purposes of this Section 7.2. Owner's pro-rata share of Service Center Expenses shall be billed each month, and Owner shall pay such billed amount within thirty (30) days of Owner's receipt of each invoice.

7.3 Annual Payment Adjustment. Within fifteen (15) days after the delivery of the annual financial statements of the Project, Owner shall pay to Consultant or Consultant shall pay to owner such amount as is necessary to make the amount of Consulting Fees paid with respect to the year equal to the amount of Consulting Fees shown to be due by the annual statements and in accordance with Sections 7.1 and 7.2 hereof.

## ARTICLE VIII

### TERM

8.1 Term. This Agreement shall commence on the Effective Date and shall thereafter continue for a period of five (5) years and automatically renew for successive five-year terms unless otherwise terminated pursuant to the terms hereof.

8.2 Optional Termination. Owner or Consultant may terminate this Agreement, with or without cause, upon sixty (60) days' written notice to the other, at anytime during the term hereof. No termination permitted hereunder shall affect or prejudice Consultant's right to receive payments for Consulting Fees that accrue hereunder prior to the date of such termination or are otherwise payable hereunder.

8.3 Termination Upon Default. Either Party hereto may terminate this Agreement upon the default of the other Party. The following shall constitute events of default:

(a) The filing of a voluntary petition in bankruptcy or insolvency or a petition for reorganization under any bankruptcy law by either Owner or Consultant;



(b) The consent to an involuntary petition in bankruptcy or the failure by either Owner or Consultant to vacate within ninety (90) days from the date of entry thereof any order approving an involuntary petition;

(c) The entering of an order, judgment, or decree by any court of competent jurisdiction, on the application of a creditor, adjudicating either Owner or Consultant as bankrupt or insolvent or approving a petition seeking reorganization or appointment of a receiver, trustee, or liquidator of all or a substantial part of such Party's assets, which order, judgment, or decree shall continue unstayed and in effect for a period of one hundred twenty (120) consecutive days;

(d) The failure or refusal of Owner to provide funds necessary to pay Project Expenses or Payments to Consultant as and when provided for in this Agreement, provided that Consultant shall have first delivered notice relating to Owner's obligation to provide such funds for payment of Project Expenses or Payments to Consultant as required by this Agreement, and provided further that, as to Project Expenses, Owner's failure to pay such expenses is of such materiality as to make it reasonably impractical for Consultant to fulfill its obligations hereunder (which impracticality shall be presumed if the Project Expenses for which Owner has failed to advance funds exceed, in the aggregate, \$1,000.00), and the continuance of any such failure for a period of five (5) days after written notice from Consultant of the amounts required and the purpose thereof;

(e) The failure or refusal of Consultant to deposit, for collection, in the Operating Account all Project Income within ten (10) business days of receipt thereof by Consultant;

(f) The failure of either Owner or Consultant to perform, keep, or fulfill any of the covenants, undertakings, obligations, or conditions set forth in this Agreement and the continuance of any such failure for a period of thirty (30) days after written notice of said failure; provided, however, that if such failure constitutes a default under subsections (d) or (e) above, neither Owner nor Consultant shall be entitled to notice;

(g) If the license for the operation of the Project is suspended and such suspension lasts more than one hundred twenty (120) days or is finally revoked or terminated.

If either Party hereto desires to terminate this Agreement as a result of any such event of default by the other Party hereto, the non-defaulting Party shall first give to the defaulting Party notice (a "Final Notice") of its intention to terminate this Agreement. After the expiration of a period of fifteen (15) days from the date of such notice, and upon the expiration of such fifteen (15) day period, this Agreement shall terminate. If, however, upon receipt of such final notice, the defaulting Party cures the default within said fifteen (15) day period (or, if the default is other than as referred to in subsections (d), (e), or (g) above, such longer period as is reasonably necessary to remedy such default, provided the defaulting Party shall commence curative efforts as soon as reasonably practicable and pursue such remedy with all due diligence until such default is cured), then this Agreement shall not terminate by reason of such Final Notice. Notwithstanding the provisions of this Section, in no event shall either Party be obligated to deliver more than two (2) such Final Notices with regard to events of default listed herein to the other Party hereto within any consecutive twelve (12) month period or one Final Notice with regard to an event of default substantially similar in nature to an event of default occurring within the previous twelve (12) months, and upon the third (or second, as applicable) such default by the other Party hereto within



such twelve (12) month period, and after the notice provided above for such third (or second, as applicable) default has been given and the curative period applicable thereto has lapsed, then the non-defaulting Party may terminate this Agreement without giving a Final Notice.

8.4 Effect of Termination. Upon termination of this Agreement, Consultant shall forthwith:

(a) Surrender and deliver up to Owner any and all Project Income and security deposits on hand or in the operating account less the Payments to Consultant due Consultant through the termination date, as provided in this Agreement;

(b) Deliver to Owner as received any monies due Owner under this Agreement but received by Consultant after such termination;

(c) Deliver to Owner all materials, supplies, keys, contracts and documents, plans, specifications, promotional materials, and such other accountings, papers, and records pertaining to this Agreement;

(d) At Owner's request and if necessary, assign to Owner (without recourse to or warranty by Consultant) executed contracts relating to the operation and maintenance of the Project;

(e) Deliver to Owner a final accounting of the Project prepared in accordance with the provisions of Section 4.1(e) up to and including the date of termination;

(f) Cease the performance of all services required to be performed by Consultant under this Agreement; and

(g) Cooperate reasonably with Owner to undertake responsibilities allocated to Consultant by this Agreement.

Upon termination of this Agreement for any reason, any right of Consultant to receive Payments to Consultant that accrue under the terms of this Agreement prior to such termination but are payable after the date of such termination shall survive such termination and continue in force and effect, and Owner shall be obligated to make such Payments to Consultant in the amounts and at the times provided for in this Agreement, subject to offset by the amount of any amounts owed by Consultant to Owner.

## ARTICLE IX

### CASUALTY; CONDEMNATION

9.1 Total or Substantial Destruction. If the Project or any portion thereof is damaged or destroyed at any time or times during the term of this Agreement by fire, casualty, or any other cause that renders the Project totally or substantially inoperative for its intended purpose, and if Owner does not notify Consultant within three (3) months following the occurrence of such damage or destruction that Owner intends to rebuild or replace the same to substantially its former condition prior to such damage or destruction, this Agreement shall terminate as of the date of the

damage or destruction with each Party's rights accruing through such date. If Owner notifies Consultant within three (3) months following the occurrence of such damage or destruction that Owner intends to rebuild or replace the Project and does rebuild or replace the Project within a reasonable time, this Agreement shall continue in full force and effect except that the term hereof shall be extended for the period of time equal to that period during which the Project is inoperative.

For purposes of this Agreement, total destruction or damage "that renders the Project totally or substantially inoperative for its intended purpose" shall mean damage or destruction that, according to an engineer selected by Owner and Consultant (each party agreeing to cooperate reasonably in such selection), could not reasonably be expected to be repaired or restored within twelve (12) months after the occurrence of such damage or destruction, so that at such time the Project will be restored substantially to the condition in which it existed prior to such damage or destruction, with services and amenities substantially equivalent to those which existed prior to such damage or destruction.

**9.2 Partial Damage or Destruction.** If the Project is damaged or partially destroyed in such a manner as to not totally or substantially render the Project inoperative for its intended purpose (as defined in Section 9.1 above), this Agreement shall remain in full force and effect as to that portion of the Project not so damaged or destroyed, with an appropriate abatement in the services to be performed by Consultant as to such damaged or destroyed portion, except that if Owner does not notify Consultant within three (3) months following the occurrence of such damage or destruction that Owner intends to repair or replace the portion of the Project that was damaged or destroyed, Consultant shall have the option, upon thirty (30) days' notice to Owner, to terminate this Agreement, such termination to be effective upon the expiration of said thirty (30) day period, and thereafter Consultant shall have no claim against Owner (except as provided in Section 8.4 above) arising from such failure to rebuild and such termination.

**9.3 Condemnation.** If the whole or substantially all of the Project is condemned or taken in any manner for any public or quasi-public use under any statute or by right of eminent domain, then this Agreement shall terminate as of the date of vesting of title thereto in the condemning authority, with each Party's rights accruing through such date. If a part of the Project is so taken or condemned, and if such taking substantially affects the Project, or if such taking is of a substantial part of the Project, Consultant shall have the right, by delivery of notice to Owner within sixty (60) days after such taking, to terminate this Agreement as of the date of the vesting of title thereto in the condemning authority, with each Party's rights accruing through such date. If Consultant does not so elect, this Agreement shall remain unaffected by such taking, except that, effective as of the date of such taking, appropriate abatement shall be made in the services to be performed by Consultant as to such taken area of the Project.

For purposes of this Agreement, the condemnation or taking of the "whole or substantially all of the Project" shall mean the condemnation or taking (or conveyance in lieu thereof) of a material portion of the Project, such that the Project ceases to be a first-class Nursing Home, ceases to have adequate available parking or access, or ceases to have services and amenities substantially similar to those existing immediately prior to such condemnation or taking (or conveyance in lieu thereof).

## ARTICLE X

### MISCELLANEOUS

#### 10.1 Delegation; Assignment.

(a) Consultant shall have the right to delegate its responsibilities under this Agreement to employees or agents of Consultant or to engage Subcontractors for performance of all or any part of the services to be provided hereunder; provided, however, that Consultant shall at all times supervise the performance of Consultant's duties and obligations hereunder. Additionally, Consultant shall have the right, without obtaining Owner's consent, to assign this Agreement to a Consultant Affiliate. Otherwise Consultant shall not, without Owner's prior approval (which may be given or denied in Owner's sole discretion), assign any of its rights, other than its right to receive the Payments to Consultant (which Consultant may freely transfer or encumber) or its obligations under this Agreement, whether by operation of law or otherwise. Except as expressly provided in this Agreement to the contrary, no assignment or delegation of responsibilities by Consultant shall relieve Consultant of any of its duties or responsibilities under this Agreement.

Notwithstanding the provisions of this Section, upon a sale, conveyance, transfer, or other disposition of the Nursing Home by Owner to any person other than an Owner Affiliate, the rights and obligations of Owner hereunder shall not constitute a covenant running with the title to the Project and thus shall not be an obligation if any such unaffiliated purchaser terminates or refuses to honor this Agreement. If such termination or refusal is not as a result of a default hereunder by Consultant, then such termination or refusal to honor this Agreement shall constitute and be deemed to be a default hereunder by Owner (following any notice and curative period herein provided) and a wrongful termination of this Agreement by Owner for purposes of this Agreement, but Consultant's remedies under this Agreement shall be an action for damages against Owner and all other parties who may have expressly assumed Owner's rights, duties, and obligations hereunder, if any.

(b) If any person or entity other than Owner becomes owner or lessee of the Land and/or the Nursing Home, Consultant shall have the option to terminate this Agreement upon ten (10) days' notice to the then Owner/lessee of the Land and/or Nursing Home. If Consultant does not so terminate within ninety (90) days following actual notice to Consultant of the transfer of the leasehold interest in the Land and/or the Nursing Home, this Agreement shall remain in full force and effect.

## **10.2 Notices.**

(a) All notices, directives, or demands required by this Agreement shall be in writing and shall be sent by registered or certified mail, return receipt requested, postage prepaid, or by overnight courier service (*e.g.*, Federal Express, Airborne, or Network Courier) and overnight courier shall be used when the circumstances merit expedient delivery, addressed, in the case of Consultant to 2020 Northpark, Suite 2D, Johnson City, Tennessee 37604, Attention: Legal Services, and in the case of Owner to 301 Watauga Avenue, Elizabethton, Tennessee 37643, Attention: Judy C. Deloach, or to such other address or addresses as shall, from time to time, be designated by notice by either Party to the other Party. Notices given in compliance with the foregoing provisions by registered or certified mail shall be effective on the date shown on the return receipt thereon as the date of delivery or attempted delivery, and notices sent by overnight courier shall be effective on the date shown on the courier's receipt therefor as the date of delivery.

(b) Upon notification from Owner or the person or entity designated as Owner's agent hereunder for all purposes (which agent must be an Affiliate of Owner), Consultant agrees to forward all information, reports, and notices provided for hereunder to be delivered to Owner to such agent for Owner, and such agent shall be Owner's agent for all purposes under this Agreement until Owner shall designate to Consultant a replacement agent for Owner hereunder or shall deliver notice of termination of such agency.

**10.3 Entire Agreement.** This Agreement shall constitute the entire agreement between the Parties hereto and shall supersede all other prior agreements, written or oral, between the Parties hereto and relating to the Project. No modification hereof shall be effective unless made by supplemental agreement in writing executed by the Parties hereto.

**10.4 Nature of Contract.** Neither the relationship between Owner and Consultant nor anything contained in this Agreement shall be deemed to constitute a partnership, joint venture, or any other similar relationship, and Consultant shall at all times be deemed an independent contractor for purposes of this Agreement.

**10.5 Governing Law.** This Agreement is made pursuant to, and shall be governed by and construed in accordance with, the laws applicable to contracts made and to be performed in the State of Tennessee.

**10.6 No Waiver; Cumulative Remedies.** The failure of Owner or Consultant to seek redress for violation or to insist upon the strict performance of any covenant, agreement, provision, or condition of this Agreement shall not constitute a waiver of the terms of such covenant, agreement, provision, or condition, and Owner and Consultant shall have all remedies provided herein and by applicable law with respect to any subsequent act that would have originally constituted a violation.

[signatures on following page]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

OWNER:

IVY HALL NURSING HOME, INC.

By: 

Judy C. Deloach

Its: PRESIDENT

Date: 9-22-03

CONSULTANT:

CARE CENTERS MANAGEMENT OF  
ELIZABETHTON, INC.

By: 

J.R. Lewis, President

Date: 9-22-03

EXHIBIT A

PROMISSORY NOTE

FOR VALUE RECEIVED, the undersigned, Ivy Hall Nursing Home, Inc., a Tennessee corporation (the "Borrower"), hereby unconditionally promises to pay to the order of Care Centers Management of Elizabethton, Inc., a Tennessee corporation (the "Lender"), at its office located at 2020 Northpark, Suite 2D, Johnson City, Tennessee 37604 (the "Office"), in lawful money of the United States of America and in immediately available funds, all principal amounts at anytime advanced by Lender to Borrower retroactively and henceforth, together with all accrued interest thereon at an annualized interest rate equal to the New York Prime Rate plus 2.0%, which interest shall be calculated and accrued daily. All principal and interest due hereunder shall be due and payable to Lender upon demand. Upon such demand, Owner shall pay monthly, for twenty-four (24) months, an amount equal to one twenty-fourth ( $1/24^{th}$ ) of the principal balance owed at the time of the demand plus all interest accrued for the prior month. Advances and payments under this Note shall be documented on Schedule 1 attached hereto as they occur.

The principal of, and accrued interest on, this Note may be prepaid in whole or in part at any time without premium or penalty, provided that prepayments shall be applied first, to accrued interest and any other amounts due hereunder, and then to principal.

This Note is secured by that certain Security Agreement of even date herewith by and among Borrower and Lender.

The Borrower expressly waives diligence, presentment, protest, demand and other notices of any kind. Borrower shall be responsible for and shall pay upon demand attorney's fees and all other costs of collection incurred by Lender in enforcing the obligations of Borrower hereunder. The obligations of this Note shall be governed by, and construed and interpreted in accordance with, the laws of the State of Tennessee.

IVY HALL NURSING HOME, INC.

By: \_\_\_\_\_  
Judy C. Deloach

Its: \_\_\_\_\_

Date: \_\_\_\_\_

State of Tennessee                    )  
  ) ss  
County of Washington                )

The foregoing instrument was acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 2003, by \_\_\_\_\_ of Ivy Hall Nursing Home, Inc., a Tennessee corporation, on behalf of the corporation.

By: \_\_\_\_\_

Title, rank, or no.: \_\_\_\_\_

My commission or term of office expires on \_\_\_\_\_

Schedule 1

<u>DATE</u>	<u>ADVANCE PAYMENT</u>	<u>PRINCIPAL PAYMENT</u>	<u>INTEREST OWING</u>	<u>BALANCE</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
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_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____



## FIRST AMENDMENT TO SERVICES AND CONSULTING AGREEMENT

THIS FIRST AMENDMENT TO SERVICES AND CONSULTING AGREEMENT ("First Amendment") is made and entered into as of the Effective Date by and between IVY HALL, INC. d/b/a IVY HALL NURSING HOME, a Tennessee corporation having an address of 301 Watauga Avenue, Elizabethton, Tennessee 37643 ("Owner"), and CARE CENTERS MANAGEMENT CONSULTING, INC., a Tennessee Corporation, having an office at 2020 Northpark, Suite 2D, Johnson City, Tennessee 37604 ("Consultant").

### WITNESSETH:

WHEREAS, Care Centers Management of Elizabethton, Inc. and Owner entered into that certain Services and Consulting Agreement ("Consulting Agreement") effective October 1, 2003, which was assigned to Consultant by that certain Assignment of Consulting Agreement effective January 1, 2007; and

WHEREAS, Owner and Consultant desire to amend the Consulting Agreement as set out more fully below.

NOW THEREFORE, for and in consideration of the foregoing premises, the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Section 7.1 of the Consulting Agreement is hereby changed to the following, such change to be effective October 1, 2014:

**7.1 Consulting Fee; Cost Center Allocations.**

Effective October 1, 2014, Owner shall pay Management Consultant, in the manner provided in this Article VII, Consulting Fees equal to three and forty-five hundredths percent (3.45%) of the Project Income during the year concerned. Project Income for purposes of this Section 7.1 shall not include income adjustments relating to periods of time dating prior to the Effective Date. In addition, Owner shall pay Consultant its pro-rata share of Service Center Expenses, as defined in Section 1.19 above.

2. Except as herein amended, all other terms and provisions of the Consulting Agreement remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this First Amendment as of the date first above written.

OWNER:

IVY HALL, INC. d/b/a IVY HALL NURSING  
HOME

By: \_\_\_\_\_  
Judy C. Deloach

Its: \_\_\_\_\_

Date: \_\_\_\_\_

CONSULTANT:

CARE CENTERS MANAGEMENT  
CONSULTING, INC.

By: \_\_\_\_\_  
J.R. Lewis, President

Date: 10-21-14

## FIRST AMENDMENT TO SERVICES AND CONSULTING AGREEMENT

THIS FIRST AMENDMENT TO SERVICES AND CONSULTING AGREEMENT ("First Amendment") is made and entered into as of the Effective Date by and between IVY HALL, INC. d/b/a IVY HALL NURSING HOME, a Tennessee corporation having an address of 301 Watauga Avenue, Elizabethton, Tennessee 37643 ("Owner"), and CARE CENTERS MANAGEMENT CONSULTING, INC., a Tennessee Corporation, having an office at 2020 Northpark, Suite 2D, Johnson City, Tennessee 37604 ("Consultant").

### WITNESSETH:

WHEREAS, Care Centers Management of Elizabethton, Inc. and Owner entered into that certain Services and Consulting Agreement ("Consulting Agreement") effective October 1, 2003, which was assigned to Consultant by that certain Assignment of Consulting Agreement effective January 1, 2007; and

WHEREAS, Owner and Consultant desire to amend the Consulting Agreement as set out more fully below.

NOW THEREFORE, for and in consideration of the foregoing premises, the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Section 7.1 of the Consulting Agreement is hereby changed to the following, such change to be effective October 1, 2014:

**7.1 Consulting Fee; Cost Center Allocations.**

Effective October 1, 2014, Owner shall pay Management Consultant, in the manner provided in this Article VII, Consulting Fees equal to three and forty-five hundredths percent (3.45%) of the Project Income during the year concerned. Project Income for purposes of this Section 7.1 shall not include income adjustments relating to periods of time dating prior to the Effective Date. In addition, Owner shall pay Consultant its pro-rata share of Service Center Expenses, as defined in Section 1.19 above.

2. Except as herein amended, all other terms and provisions of the Consulting Agreement remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this First Amendment as of the date first above written.

OWNER:

IVY HALL, INC. d/b/a IVY HALL NURSING HOME

By: \_\_\_\_\_  
Judy C. Deloach

Its: \_\_\_\_\_

Date: \_\_\_\_\_

CONSULTANT:

CARE CENTERS MANAGEMENT  
CONSULTING, INC.

By: \_\_\_\_\_  
J.R. Lewis, President

Date: 10-21-14

## SECOND AMENDMENT TO SERVICES AND CONSULTING AGREEMENT

THIS SECOND AMENDMENT TO SERVICES AND CONSULTING AGREEMENT ("Second Amendment") is made and entered into as of the Effective Date by and between IVY HALL, INC. d/b/a IVY HALL NURSING HOME, a Tennessee corporation having an address of 301 Watauga Avenue, Elizabethton, Tennessee 37643 ("Owner"), and CARE CENTERS MANAGEMENT CONSULTING, INC., a Tennessee Corporation, having an office at 2020 Northpark, Suite 2D, Johnson City, Tennessee 37604 ("Consultant").

### WITNESSETH:

WHEREAS, Care Centers Management of Elizabethton, Inc. and Owner entered into that certain Services and Consulting Agreement ("Consulting Agreement") effective October 1, 2003, which was assigned to Consultant by that certain Assignment of Consulting Agreement effective January 1, 2007 and amended between Owner and Consultant effective October 2, 2014; and

WHEREAS, Owner and Consultant desire to again amend the Consulting Agreement as set out more fully below.

NOW THEREFORE, for and in consideration of the foregoing premises, the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Section 7.1 of the Consulting Agreement is hereby changed to the following, such change to be effective April 1, 2015:

#### 7.1 Consulting Fee; Cost Center Allocations.

Effective April 1, 2015, Owner shall pay Management Consultant, in the manner provided in this Article VII, Consulting Fees equal to three percent (3%) of the Project Income during the year concerned. Project Income for purposes of this Section 7.1 shall not include income adjustments relating to periods of time dating prior to the Effective Date. In addition, Owner shall pay Consultant its pro-rata share of Service Center Expenses, as defined in Section 1.19 above.

2. Except as herein amended, all other terms and provisions of the Consulting Agreement remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Second Amendment as of the date first above written.

OWNER:

IVY HALL, INC. d/b/a IVY HALL NURSING HOME

By:

  
Judy C. DeLoach

Its:

PRESIDENT / ADMINISTRATOR

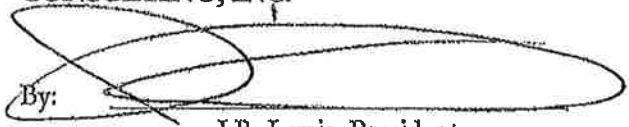
Date:

3-12-15

CONSULTANT:

CARE CENTERS MANAGEMENT  
CONSULTING, INC.

By:

  
J.R. Lewis, President

Date:

3-10-15

WARRANTY DEED

The legal description and state of title of the property have been furnished to the draftsman by the Grantor, by third parties or from the record. The draftsman assumes no liability as to the accuracy thereof. Failure to record this document timely may jeopardize your rights to the property. 699

THIS INSTRUMENT is entered into on this the 29<sup>th</sup> day of March, 1993, by and between JOE L. COLLINS, Trustee of the JAMES H. LEWIS IRREVOCABLE TRUST, hereafter called Seller, and IVY HALL NURSING HOME, INC., hereafter called Buyer.

WITNESSETH: That for and in consideration of the sum of Ten Dollars, cash in hand paid, and other good, valuable and sufficient consideration, receipt of all of which is hereby acknowledged, the Seller has this day bargained and sold and hereby conveys unto the Buyer, and its successors and assigns, the following described real estate, located in the 15th Civil District, Carter County, Tennessee, and more particularly described as follows, to-wit:

PARCEL I: BEGINNING at the Northwest corner of Watauga Avenue and "J" Street, which is the Southeast corner of Block 40 of the J. R. Burrow Addition to the City of Elizabethton; thence along the West side of Watauga Avenue in a Northerly direction 81 feet to the point of Beginning; thence in a Westerly direction parallel with "I" Street and along the line of J. R. Burrow 150 feet to a point; thence in a Northerly direction parallel with Watauga Avenue 71 feet to a point; thence in an Easterly direction parallel with "I" Street and along line of Rod Elliott 150 feet to a point on the West side of Watauga Avenue; thence in a Southerly direction along the West side of Watauga Avenue 71 feet to the point of BEGINNING, being 15 feet of Lot 7 and all of Lot 8, and 31 feet adjoining property of J. R. Burrow on which said Burrow house is located.

PARCEL II: BEING the North 81 feet of Lots 29 and 30, Block 40, of the Burrow Addition to the City of Elizabethton, Tennessee, said tract of land making a lot 50 by 81 feet.

For Property Assessor's purposes only: This property is designated on the tax maps as Map 41-G, Group M, Parcel #11.00.

BEING the same property conveyed from James H. Lewis, to James H. Lewis Irrevocable Trust c/o Joe L. Collins, Trustee, by deed dated February 2, 1993, recorded in the Register's Office for Carter County, Tennessee, in Deed Book 398, page 694, to which reference is here made.

TO HAVE AND TO HOLD unto the said Buyer and its successors and assigns, in fee simple.

PROPERTY OWNER

Name & Address:

Ivy Hall Nursing Home Inc.  
110 East H  
Elizabethton TN 37643

Person or agency responsible  
for payment of taxes

Sent

This instrument prepared by:  
CARL MCINTURFF  
Attorney and Counselor at Law  
1907 North Roan Street  
JOHNSON CITY, TENN. 37601  
Telephone (615) 929-2181

-2-



\* please  
Send to  
Mrs. Beaver  
on this  
return  
and to all  
Vene Fideles

8-32863

THIS DEED, made and entered into on this the 12<sup>th</sup> day of February, 1964, by and between CHARLOTTE BEAVER, party of the first part, and IVY HALL NURSING HOME, INC., a Tennessee Corporation, with principal situs at Elizabethton, Tennessee, party of the second part;

WITNESSETH: That for and in consideration of the sum of \$10.00 cash in hand paid, and other good, valuable and sufficient considerations, the receipt of which is hereby acknowledged, first party has bargained and sold and does by these presents transfer and convey unto the party of the second part, its heirs and assigns, the following described property, situate, lying and being in the 15th Civil District of Carter County, State of Tennessee, within the City of Elizabethton, Tennessee, to-wit:

BEGINNING at an iron pin at the Intersection of the West line of Watauga Avenue with the South line of "H" Street; thence with the line of "H" Street in a Westerly direction a distance of 75.8 feet to a point in the center of a paved driveway; thence at right angles to "H" Street and running in a southerly direction with the center of said driveway a distance of 100 feet to a point in the line of Lots Nos. 4 and 5; thence with the line of Lots Nos. 4 and 5 in an easterly direction a distance of 75.8 feet to an iron pin in the west line of Watauga Avenue; thence with the line of same in a northerly direction a distance of 100 feet to the BEGINNING.

Being the easterly portion of Lots Nos. 1, 2, 3 and 4 in Block No. 40, as per Re-Plat of the J. R. Burrow Addition to the Town of Elizabethton, Tennessee, of record in Deed Book No. 70, Page 586, of the Register's Office of Carter County, Tennessee, at Elizabethton.

Being the same property conveyed to Charlotte Beaver by St. Elizabeth Hospital by deed dated August 11, 1959, and recorded in the Register's Office for Carter County, Tennessee in Deed Book 196, Page 410, to which reference is here made.

There is also conveyed herewith all of the personal property located on the first, second and third floors of the building located on the above described property.

TO HAVE AND TO HOLD said property, together with all the rights, privileges and appurtenances thereunto appertaining unto the party of the

12  
second part, its heirs and assigns, in fee simple, forever.

The party of the first part covenants with the party of the second part that she is lawfully seized and possessed of said property; that she has a good and perfect right to sell and convey the same; that the same is free and unencumbered; and the title thereto she will forever warrant and defend against the lawful claims and demands of all persons whomsoever.

This property is conveyed subject to all valid restrictive covenants and easements, if any, of record.

IN TESTIMONY WHEREOF, witness the signature of the party of the first part, this the day and year first above written.

Charlotte Beaver  
Charlotte Beaver

STATE OF TENNESSEE }  
COUNTY OF WASHINGTON }

On this the 12<sup>th</sup> day of February, 1964, before me personally appeared Charlotte Beaver, to me known to be the person described in and who executed the foregoing instrument and acknowledged that she executed the same as her free act and deed.

GIVEN UNDER MY HAND AND OFFICIAL SEAL, at office in said State and County, this the day and year first above written.

Ernest J. Ward  
Notary Public

My Commission Expires:

Jan. 28, 1968



STATE OF TENNESSEE, CARTER COUNTY  
REGISTER'S OFFICE  
Received for Record the 13 day of Feb, A. D. Nineteen Hundred  
and 64, at 10.00 o'clock A. M., Noted in Note Book 13  
Page 199, and recorded in Book of Deeds Vol. 219  
Part 211  
A. H. HARDIN, REGISTER  
BY Charles Hardin DEPUTY, 712 50

WARRANTY DEED

THIS INSTRUMENT is entered into on this the 17th day of November, 1993, by and between JUDY CARVER TAYLOR, now known as JUDY CARVER DeLoach, hereafter called Seller, and IVY HALL NURSING HOME, INC., hereafter called Buyer.

WITNESSETH: That for and in consideration of the sum of Ten Dollars, cash in hand paid, and other good, valuable and sufficient consideration, receipt of all of which is hereby acknowledged, the Seller has this day bargained and sold and hereby conveys unto the Buyer, and its successors and assigns, the following described real estate, located in the 15th Civil District, Carter County, Tennessee, and more particularly described as follows, to-wit:

BEGINNING on an iron pin on the west side of Watauga Avenue, corner to Ivy Hall Nursing Home and located S. 02° 08' W., 100.00 feet from the southwest intersection of Watauga Avenue and "H" Street; thence along the common boundary of Ivy Hall Nursing Home and Judy Carver DeLoach, N. 87° 58' W., 150.00 feet to a point; thence S. 02° 08' W., 60.00 feet to a point; thence S. 87° 58' E., 40.00 feet to a point; thence a new line and a division of the Judy Carver DeLoach property for two calls: N. 02° 08' E., 110.00 feet to a point on the west side of Watauga Avenue; thence along the west side of Watauga Avenue, N. 02° 08' E., 1.00 feet to the point of Beginning containing .0576 acre (2510 square feet) more or less, all per survey of Dennis Bryan Pierce, Tennessee Registered Land Surveyor No. 936, One Citizens Plaza, Suite 307, Broad Street & Lynn Avenue, Elizabethton, TN 37643, from that plat dated 10-25-93, to which reference is here made.

For Property Assessor's purposes only: This property is designated on the tax maps as Map 41-G, Group M, Parcel #10:00.

BEING part of the same property conveyed from Ivy Hall Nursing Home, Inc., to Judy Carver Taylor, by deed dated January 3, 1989, recorded in the Register's Office for Carter County, Tennessee, in Deed Book 382, page 578, to which reference is here made.

TO HAVE AND TO HOLD unto the said Buyer and its successors and assigns, in fee simple.

This instrument prepared by:  
CARL MCINTURFF  
Attorney and Counselor at Law  
1303 North Ross Street  
JOHNSON CITY, TENN. 37601  
Telephone (615) 928-0181

PROPERTY OWNER

Name & Address:

IVY HALL NURSING HOME, INC.  
301 WATAUGA AVENUE  
ELIZABETHTON, TN

Person or agency responsible  
for payment of taxes

FIRST NATIONAL BANK OF KNOXVILLE  
Post Office Box 200  
KNOXVILLE, TN 37901

SA  
And the Seller covenants with the Buyer and its successors and assigns that she is lawfully seized and possessed of the premises above conveyed, and has a good and lawful right to sell and convey this property; that this property is free and unencumbered with the exception of the taxes after 1992 which the parties agree to prorate; and the Seller will forever warrant and defend the said premises and the title thereto against the lawful claims and demands of all persons whomsoever.

This conveyance is made subject to all valid restrictive covenants and easements, if any, of record or which may be apparent from an inspection of the premises.

IN WITNESS WHEREOF, the Sellers have hereunto set their hands and seals on this the day and date first above written.

*Judy Carver DeLoach*  
JUDY CARVER DeLOACH

STATE OF TENNESSEE

COUNTY OF Knox

On this the 17th day of November, 1993, before me personally appeared JUDY CARVER DeLOACH, to me known (or proved to me on the basis of satisfactory evidence) to be the person described in and who executed the foregoing instrument; and acknowledged that she executed the same as her free act and deed.

*[Signature]*  
Notary Public

My Commission Expires: 7-13-97

I, or we, hereby swear or affirm that the actual consideration for this transfer, or value of the property or interest in property transferred, whichever is greater, is \$ 500.00, which amount is equal to or greater than the amount which the property or interest would command at a fair and voluntary sale.

Subscribed and sworn before me this the 17th day of November, 1993.

My Commission Expires: 7-13-97

*[Signature]*  
Notary Public

This instrument prepared by:  
CARL McINTURFF  
Attorney and Counselor at Law  
1107 North Main Street  
JOHNSON CITY, TENN. 37601  
Telephone (615) 929-2181

STATE OF TENNESSEE CARTER COUNTY, REGISTERS OFFICE  
Received for Record the 18 day of Nov A.D., 1993  
9:13 464 93 22 Page 115 and recorded in  
Deed 464 93  
State 1.85 100 8.00  
Total 70.85 27.50  
*Johnny L. Holder*  
JOHNNY L. HOLDER by Deputy

This DEED made and entered into on this the 1st day of April 1988 by and between JAMES H. LEWIS (single), hereinafter designated "Grantor"; and IVY HALL NURSING HOME, INC., a corporation organized and existing under the laws of the State of Tennessee, (property owner and person chargeable with the real property taxes) whose address is 301 Watauga Avenue, Elizabethton, Tennessee 37643, hereinafter designated "Grantee";

W I T N E S S E T H:

That for and in the consideration of TEN (\$10.00) DOLLARS, receipt of all of which is hereby acknowledged as the consideration for this deed, the Grantor has this day bargained and sold, and by these presents does grant, bargain, sell and convey unto the Grantee, the Grantee's heirs, successors and assigns, certain land situate and being in the Fifteenth Civil District of Carter County, Tennessee and being the same particular real estate as was conveyed by Ronald D. Carver to James H. Lewis by deed dated October 9, 1985, said deed filed for record in the Register's Office of Carter County, Tennessee in Deed Book 350, at page 774, and which prior thereto, was acquired by Ronald D. Carver and James H. Lewis by deed bearing date of the 31st day of July, 1984, of record in the Register's Office of Carter County, Tennessee in Deed Book 328, page 639, and said real estate being more particularly described as follows, to wit:

BEING Lots Nos. 9, 10, and 11 in Block No. 40 of the Burrow Addition to Elizabethton, Tennessee according to the recorded replat in Deed Book 70, page 586, Register's Office for Carter County, Tennessee. Said lots front on the south side of "H" Street 25 feet each and run back an even width 150 feet.

TO HAVE AND TO HOLD the said property unto the Grantee, the Grantee's heirs, successors and assigns, in fee simple, forever.

And the Grantor covenants to and with the Grantee that the Grantor is lawfully seized and possessed of the said property, that the Grantor has a good right to sell and convey the same, that the same is clear and unencumbered, and the Grantor will forever warrant and defend the title to said property against the lawful claims and

As per number of copies of this deed the Grantor has made for the purpose of recording, whether or not the same is to be recorded, and the number of copies of this deed the Grantor has made for the purpose of recording, whether or not the same is to be recorded, and the number of copies of this deed the Grantor has made for the purpose of recording, whether or not the same is to be recorded.

Subscribed and sworn to before me this the \_\_\_\_\_ day of \_\_\_\_\_, 1988.  
Attest  
\_\_\_\_\_  
LAW OFFICES  
GRAYSON, HAWKINS & WRIGHT  
410 WEST MAIN, P.O. BOX 51, MOUNTAIN CITY, TENN. 37683

PREPARED BY:

352

##

Property Owner: Tyler K. Heston, New Mexico  
Address: 301 Winters Ave Elizh  
Person or Agency responsible for payment  
of taxes:  
Name: Syme

  
JAMES H. LEWIS

COUNTY OF *Johnson* :

WITNESS my hand and official seal at Mountain City  
Tennessee this the 15 day of April, 1988.

Larry P. Mullins  
NOTARY PUBLIC

11-4-90

Larry P. Mulline

Subscribed and sworn to before me, this 17 day of July, 1941

Martha Williams  
 My commission expires 4/23/88  
 PUBLIC

State of Tennessee Carter County, Registrar of Probate  
 I was sworn in this 20 day of April A.D. 1988  
 My term of office is for 2 years and recorded in  
 Book 367 Page 321  
 My fee is \$ 2.00 Clerk's fee 50  
 Total 2.50 Recording Fee 1.25

GRAYSON, HAWKINS & WRIGHT  
410 WEST MAIN, P.O. BOX 26, MOUNTAIN CITY, TENN. 37683

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### QUITCLAIM DEED

The legal description and how title to the property is vested have been furnished to the draftsman by the Grantor, by third parties or from the record. No examination of title has been undertaken by the draftsman hereof, and no representations or warranties as to the state of title of the subject property are made. The draftsman assumes no liability as to the accuracy thereof. Failure to record this document timely may jeopardize your rights to the property.

THIS INDENTURE made and entered into on this the 24<sup>th</sup> day of February, 2005,  
by and between JUDY CARVER DELOACH, Party of the First Part, and IVY HALL  
NURSING HOME, INC., Party of the Second Part.

### WITNESSETH:

That for and in consideration of the sum of One Dollar (\$1.00), cash in hand paid,  
receipt of which is hereby acknowledged, the Party of the First Part does hereby transfer and  
quitclaim to the Party of the Second Part, its successors and assigns, all of her right, title,  
claim and interest in and to the property being more particularly described as follows, to-wit:

Situate, lying and being in the 15th Civil District of Carter County, Tennessee,  
and more particularly described as follows, to-wit:

BEING Lots Nos. 12, 13 and 14 of Block 40 of the J. R. Burrow Addition to the City  
of Elizabethton, Tennessee, as shown by a plat of record in the Carter County,  
Tennessee Register of Deeds Office in Deed Book 70, page 586. Also see Plat Book  
1, page 58, and Slide A-328, of said Register's Office.

AND BEING the same property conveyed to Judy Carver Deloach by deed from Ivy  
Hall Nursing Home, Inc., dated December 14, 1995, of record in Deed Book 419,  
page 247, in the Register's Office for Carter County, Tennessee.

PREPARED BY:

BRANDY  
and  
BEESON, P.C.

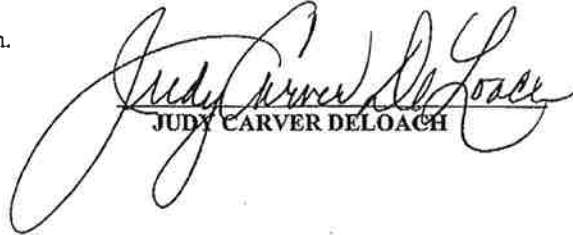
Attorneys at Law  
204 PRINCETON ROAD  
SUITE 25  
JOHNSON CITY, TN 37601  
Telephone (423) 292-1991

Tax Assessor's Property ID No.: Map 41-G, Group M, Parcel #3.00.

It is understood that this is a Quitclaim Deed for the purpose of conveying whatever  
interest, if any, the Party of the First Part may have in and to the above-described property.  
No warranties, either express or implied, are made by the Party of the First Part concerning  
the title and/or use of the above-described property.

This conveyance is made subject to valid restrictive covenants and easements, if any,  
appearing of record.

IN TESTIMONY WHEREOF, the Party of the First Part has executed this instrument  
the day and year first above written.

  
JUDY CARVER DELOACH

STATE OF TENNESSEE  
COUNTY OF WASHINGTON

Personally appeared before me, the undersigned Notary Public in and for said County  
and State, **JUDY CARVER DELOACH**, with whom I am personally acquainted (or who  
proved to me on the basis of satisfactory evidence), and who acknowledged that she executed  
the foregoing instrument for the purposes therein contained.

WITNESS my hand and seal, this 24<sup>th</sup> day of February, 2005.

  
NOTARY PUBLIC

My Commission Expires: 4/30/07



PREPARED BY:

BRANDT  
and  
BEESON, P.C.  
Attorneys at Law  
206 PRINCETON ROAD  
SUITE 25  
JOHNSON CITY, TN 37601  
Telephone (423) 262-1981



STATE OF TENNESSEE  
COUNTY OF WASHINGTON

I, or we, hereby swear or affirm that the actual consideration for this transfer, or value of the property or interest in property transferred, whichever is greater, is \$ 74,337.00 which amount is equal to or greater than the amount which the property or interest would command at a fair and voluntary sale.

Subscribed and sworn before me this the 24<sup>th</sup> day of February, 2005.

My Commission Expires: 4/30/07

Affiant

Notary Public



PROPERTY OWNER

Name & Address:

Ivy Hall Nursing Home, Inc.  
301 Watauga Avenue  
Elizabethton, Tennessee 37643

Person or agency responsible  
for payment of taxes


Ivy Hall Nursing Home, Inc.  
301 Watauga Avenue  
Elizabethton, Tennessee 37643

PREPARED BY:

BRANDT  
and  
BEESON, P.C.

Attorneys at Law  
206 PRINCETON ROAD  
SUITE 20  
JOHNSON CITY, TN 37601  
Telephone (423) 282-1981

Page 3

  
BK/PG: D492 / 470-472  
03/11/2005 - 03:31 PM

3 FOR 2 AL - OUTSTANDING	
BARAN BATCH 12521 Inst Num: 05001929	
VALUE	74327.00
MORTGAGE TAX	0.00
TRANSFER TAX	275.00
RECORDING FEE	15.00
DP FEE	2.00
REGISTER'S FEE	1.00
TOTAL AMOUNT	293.00

**JOHNNY L. HOLDER**  
REGISTER OF DEEDS CARTER COUNTY TENNESSEE

**PROJECTED DATA CHART**

☐ **Total Facility**  
☐ **Project Only**

Give information for the last two (2) years for which complete data are available for the facility or agency. The fiscal year begins in January (Month)

	Year: 2014	Year: 2015
A. Utilization/Occupancy Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	35,040	34,310
B. Revenue from Services to Patients		
1. Inpatient Services	\$9,662,119.00	\$7,269,459.00
2. Outpatient Services	\$0.00	\$0.00
3. Emergency Services	\$0.00	\$0.00
4. Other Operating Revenue	\$21,972.00	\$11,716.00
Specify: _____		
<b>Gross Operating Revenue</b>	\$9,684,091.00	\$7,281,175.00
C. Deductions from Operating Revenue		
1. Contract Deductions	\$1,990,726.00	\$445,725.00
2. Provision for Charity Care	\$0.00	\$0.00
3. Provision for Bad Debt	\$0.00	\$0.00
<b>Total Deductions</b>	\$1,990,726.00	\$445,725.00
<b>NET OPERATING REVENUE</b>	\$7,693,365.00	\$7,726,900.00
D. Operating Expenses		
1. Salaries and Wages	\$2,741,482.00	\$2,880,593.00
a. Direct Patient Care	\$2,012,967.00	\$2,050,231.00
b. Non-Patient Care	\$728,515.00	\$830,362.00
2. Physicians' Salaries and Wages	\$0.00	\$0.00
3. Supplies	\$731,905.00	\$634,876.00
4. Rent	\$0.00	\$0.00
a. Paid to Affiliates	\$0.00	\$0.00
b. Paid to Non-Affiliates	\$0.00	\$0.00
5. Management Fees:		
a. Fees to Affiliates	\$0.00	\$0.00
b. Fees to Non-Affiliates	\$0.00	\$0.00
6. Other Operating Expenses	\$1,370,311.00	\$931,738.00
<b>Total Operating Expenses</b>	\$4,843,698.00	\$4,447,207.00
E. <b>Earnings Before Interest, Taxes, and Depreciation</b>	\$2,849,667.00	\$3,279,693.00
F. Non-Operating Expenses		
1. Taxes	\$0.00	\$0.00
2. Depreciation	\$0.00	\$0.00
3. Interest	\$0.00	\$0.00
4. Other Non-Operating Expenses	\$0.00	\$0.00
<b>Total Non-Operating Expenses</b>	\$0.00	\$0.00
<b>NET INCOME (LOSS)</b>	\$2,849,667.00	\$3,279,693.00
G. Other Deductions		
1. Estimated Annual Principal Debt Repayment	\$0.00	\$0.00
2. Annual Capital Expenditure	\$0.00	\$0.00
<b>Other Total Deductions</b>	\$0.00	\$0.00
<b>NET BALANCE</b>	\$2,849,667.00	\$3,279,693.00
<b>DEPRECIATION</b>	\$0.00	\$0.00
<b>FREE CASH FLOW (Net Balance + Depreciation)</b>	\$2,849,667.00	\$3,279,693.00

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**PROJECTED DATA CHART -- OTHER EXPENSES**

\_\_\_ Total Facility  
\_\_\_ Project Only

**OTHER EXPENSE CATEGORY**

**Year Year: 2014**

**Year: 2015**

1. Professional Services Contracts	\$997,662.00	\$658,046.00
2. Contract Labor	\$0.00	\$0.00
3. Imagng Interpretation Fees	\$0.00	\$0.00
(Itemize all others below)		

**TOTAL OTHER EXPENSES**

northeast intersection of Watauga Avenue  
of I Street, N 87°58'00"W - 200.00 feet to  
Delach, Thence with Delach for three  
pin thence N 87°59'00"W - 25.00 feet to  
to an iron pin corner to Victor and Judy De-  
02°08'00"E - 150.00 feet to an iron pin four  
with the south side of I Street for two call  
thence S 87°58'00"E - 225.00 feet to the  
more of Delach.

# HUD SURVEYOR'S CERTIFICATE

I hereby certify to the U.S. Department of  
Hill Nursing Home, Inc., Love Funding Co.  
Corporation, Holland & Knight LLP, Keim  
successors and assigns, that:

I made an on the ground survey per record  
located in Elizabethton, Carter County, TN  
20, 2008; and that I and this map were  
Instructions and Report, Form HUD-62457  
Survey, as defined in the Minimum Standard  
Land Title Surveys, dated 2005.

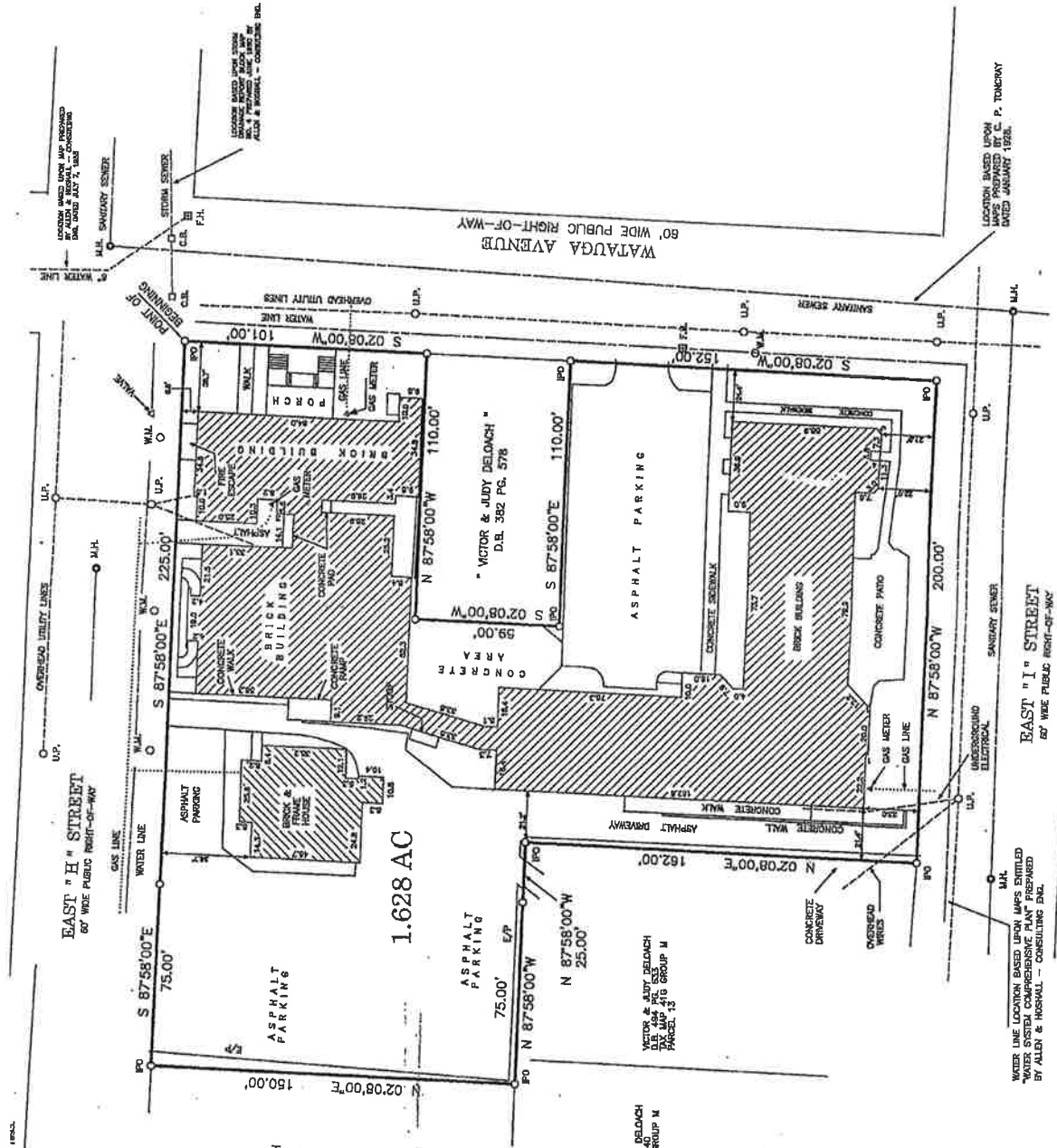
To the best of my knowledge, belief and I  
are no encroachments either way across  
possession are the same, and the present  
frequency flood hazard, and such flood fre-  
Insurance Rate Map, Community Panel N  
2008.

July 20, 2009  
Date

Tec Ivy Hill Nursing Home, Inc., Love Funding  
Insurance Corporation, Holland & Knight LLP,  
P.C.

This is to certify that this map or plat and the as  
made in accordance with the "Minimum Standard  
ALTA/ACSM Land Title Surveys," jointly established  
NSPS in 2006, and includes items 1.2.3.4, 7a,  
thereof. Pursuant to the Accuracy Standards as  
in effect on the date of this certification, undersigned  
professional opinion, as a land surveyor registered  
Regular Positional Accuracy of this survey does  
meet it.

July 20, 2009  
Date



WATER LINE LOCATION BASED UPON MAPS SUBMITTED  
"WATER SYSTEM COMPREHENSIVE PLAN" PREPARED  
BY ALLEN & HOSHAL - CONSULTING ENG.

LOCATION BASED UPON  
MAPS PREPARED BY C. P. TONGRAY  
DATED JANUARY 1998.

WATAUGA AVENUE  
60' WIDE PUBLIC RIGHT-OF-WAY

EAST "H" STREET  
60' WIDE PUBLIC RIGHT-OF-WAY

VICTOR & JUDY DELOACH  
BOOK 25 PAGE 118  
TAX MAP 416, GROUP M  
PARCEL 2

VICTOR & JUDY DELOACH  
BOOK 25 PAGE 118  
TAX MAP 416, GROUP M  
PARCEL 14

VICTOR & JUDY DELOACH  
BOOK 25 PAGE 118  
TAX MAP 416, GROUP M  
PARCEL 13

VICTOR & JUDY DELOACH  
BOOK 25 PAGE 118  
TAX MAP 416, GROUP M  
PARCEL 12

VICTOR & JUDY DELOACH  
BOOK 25 PAGE 118  
TAX MAP 416, GROUP M  
PARCEL 11

VICTOR & JUDY DELOACH  
BOOK 25 PAGE 118  
TAX MAP 416, GROUP M  
PARCEL 10

VICTOR & JUDY DELOACH  
BOOK 25 PAGE 118  
TAX MAP 416, GROUP M  
PARCEL 9

VICTOR & JUDY DELOACH  
BOOK 25 PAGE 118  
TAX MAP 416, GROUP M  
PARCEL 8

VICTOR & JUDY DELOACH  
BOOK 25 PAGE 118  
TAX MAP 416, GROUP M  
PARCEL 7

VICTOR & JUDY DELOACH  
BOOK 25 PAGE 118  
TAX MAP 416, GROUP M  
PARCEL 6

VICTOR & JUDY DELOACH  
BOOK 25 PAGE 118  
TAX MAP 416, GROUP M  
PARCEL 5

VICTOR & JUDY DELOACH  
BOOK 25 PAGE 118  
TAX MAP 416, GROUP M  
PARCEL 4

VICTOR & JUDY DELOACH  
BOOK 25 PAGE 118  
TAX MAP 416, GROUP M  
PARCEL 3

VICTOR & JUDY DELOACH  
BOOK 25 PAGE 118  
TAX MAP 416, GROUP M  
PARCEL 2

VICTOR & JUDY DELOACH  
BOOK 25 PAGE 118  
TAX MAP 416, GROUP M  
PARCEL 1

VICTOR & JUDY DELOACH  
BOOK 25 PAGE 118  
TAX MAP 416, GROUP M  
PARCEL 0

VICTOR & JUDY DELOACH  
BOOK 25 PAGE 118  
TAX MAP 416, GROUP M  
PARCEL -1

VICTOR & JUDY DELOACH  
BOOK 25 PAGE 118  
TAX MAP 416, GROUP M  
PARCEL -2

VICTOR & JUDY DELOACH  
BOOK 25 PAGE 118  
TAX MAP 416, GROUP M  
PARCEL -3

VICTOR & JUDY DELOACH  
BOOK 25 PAGE 118  
TAX MAP 416, GROUP M  
PARCEL -4

VICTOR & JUDY DELOACH  
BOOK 25 PAGE 118  
TAX MAP 416, GROUP M  
PARCEL -5

VICTOR & JUDY DELOACH  
BOOK 25 PAGE 118  
TAX MAP 416, GROUP M  
PARCEL -6

VICTOR & JUDY DELOACH  
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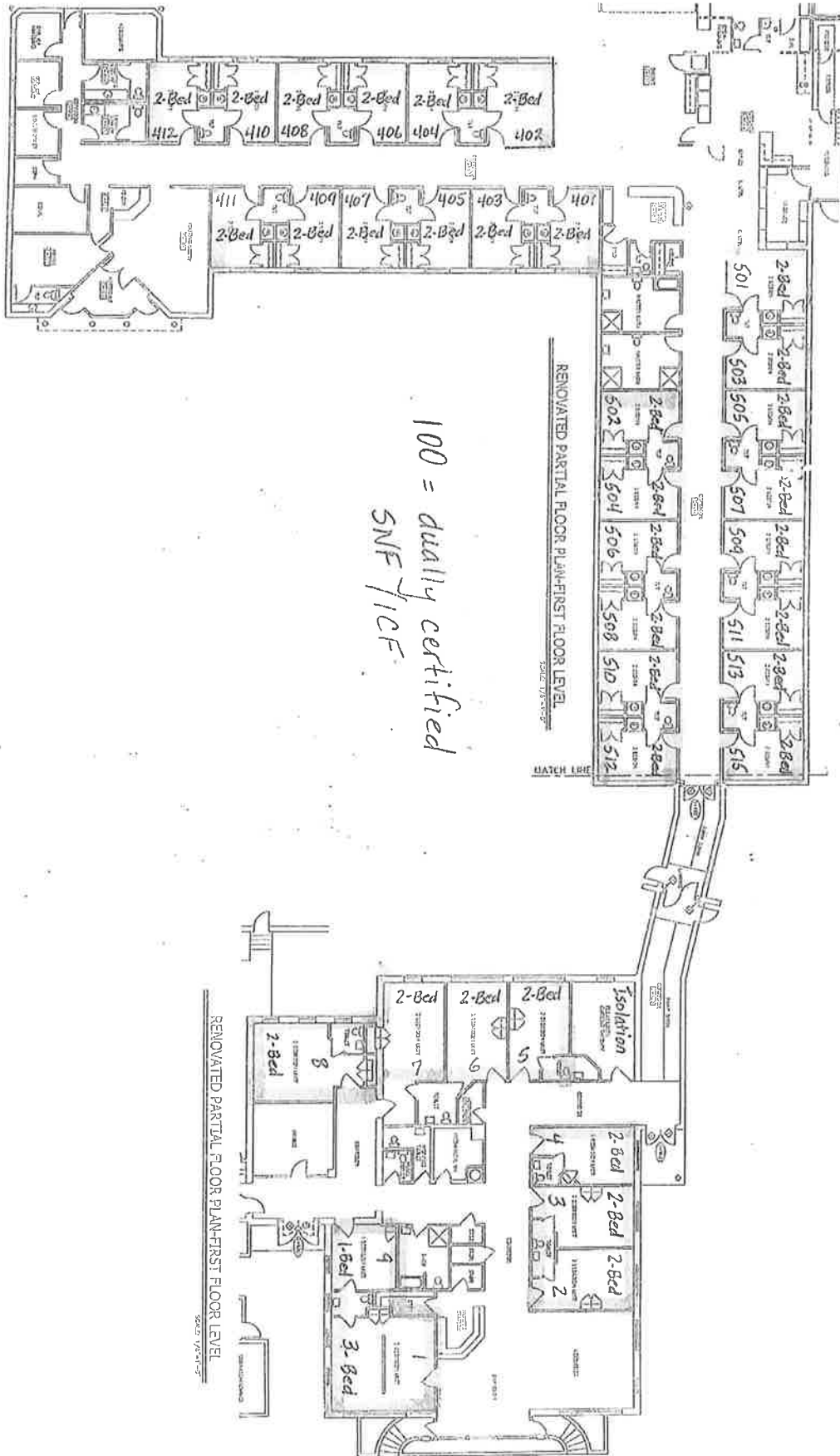
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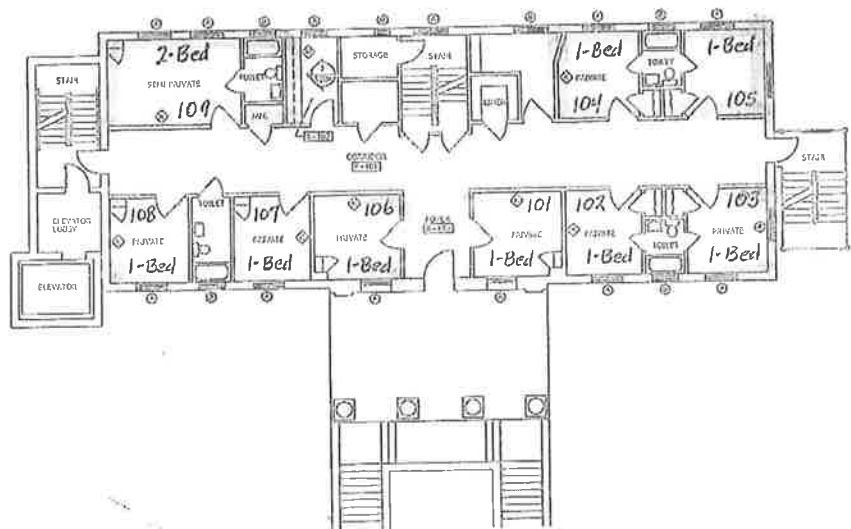
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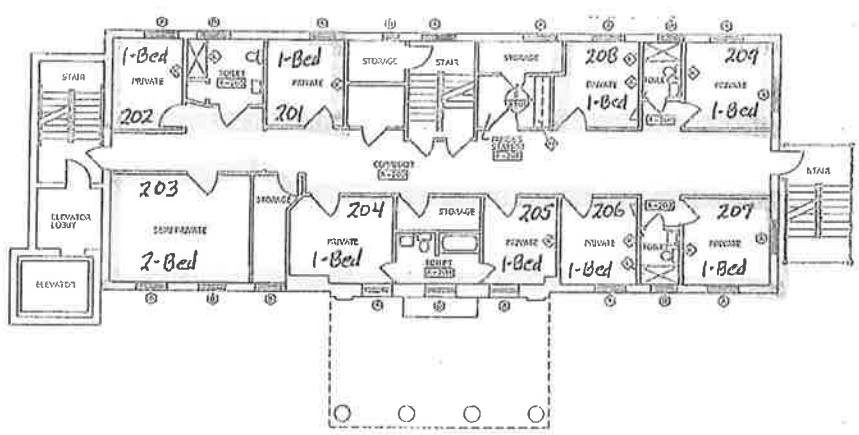
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Ivy Hall Nursing Home  
Proposed Bed Designation effective 11-01-2011

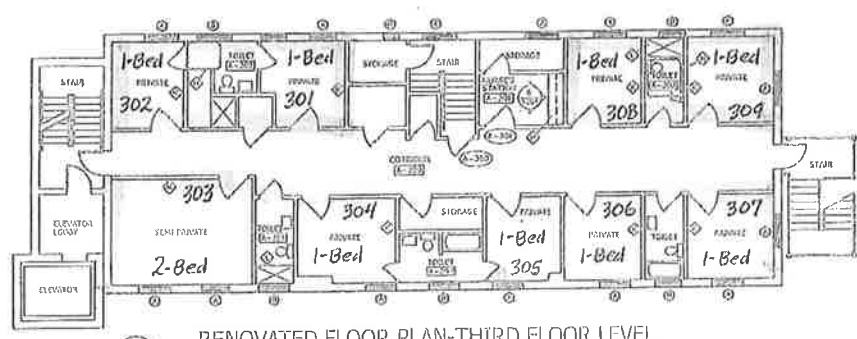




2 RENOVATED FLOOR PLAN-FIRST FLOOR LEVEL  
SCALE: 1/8"=1'-0"



3 RENOVATED FLOOR PLAN-SECOND FLOOR LEVEL  
SCALE: 1/8"=1'-0"



4 RENOVATED FLOOR PLAN-THIRD FLOOR LEVEL  
SCALE: 1/8"=1'-0"

Ivy Hall Nursing Home  
Proposed Bed Designation effective 11-01-2011

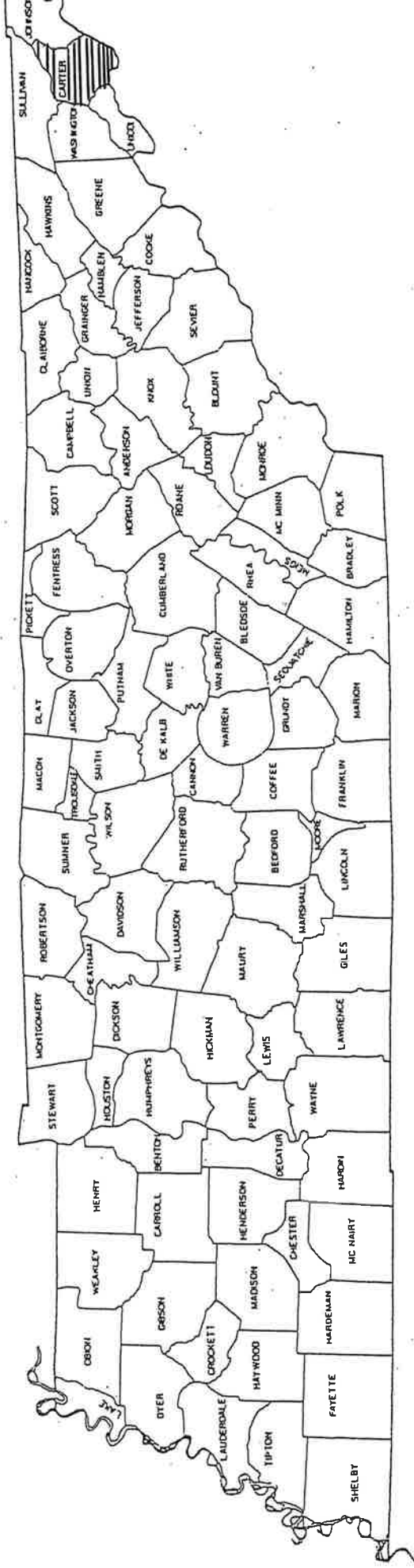
**NURSING HOME BED NEED BASED UPON THE OLD RATIO STANDARDS  
METHODOLOGY USED FOR MEDICARE BEDS NEED CALCULATIONS,  
BY COUNTY AND STATE TOTAL, 2018 (Based on 2015 UTCBER Projection Series\*)**

COUNTY	TOTAL POP	BED NEED	COUNTY	TOTAL POP	BED NEED	COUNTY	TOTAL POP	BED NEED
STATE	6,962,031	51,598	HAMBLETON	66,195	589	MORGAN	23,848	178
ANDERSON	78,387	802	HAMILTON	362,471	3,048	OBION	31,625	297
BEDFORD	51,672	352	HANCOCK	6,981	64	OVERTON	23,885	214
BENTON	16,711	179	HARDEMAN	27,284	212	PERRY	8,362	85
BLEDSON	13,394	115	HARDIN	26,680	279	PICKETT	5,237	68
BLOUNT	136,505	1,242	HAWKINS	59,311	547	POLK	17,627	161
BRAZLEY	107,651	850	HAYWOOD	18,274	143	PUTNAM	81,972	670
CAMPBELL	41,654	382	HENDERSON	29,836	238	RHEA	34,582	302
CANNON	14,658	134	HENRY	33,771	360	ROANE	55,990	596
CARROLL	28,298	282	HICKMAN	26,876	207	ROBERTSON	76,231	492
CARTER	58,274	566	HOUSTON	9,014	87	RUTHERFORD	337,990	1,533
CHEATHAM	41,269	255	HUMPHREYS	19,090	181	SCOTT	23,058	175
CHESTER	18,633	158	JACKSON	12,251	118	SEQUATCHIE	16,399	139
CLAIBORNE	34,263	297	JEFFERSON	57,073	502	SEVIER	104,829	879
CLAY	7,876	88	JOHNSON	18,952	178	SHELBY	970,212	5,488
COCKE	37,335	340	KNOX	477,780	3,465	SMITH	20,534	151
COFFEE	56,909	493	LAKE	8,441	60	STEWART	14,210	127
CROCKETT	14,982	141	LAUDERDALE	28,930	187	SULLIVAN	159,393	1,696
CUMBERLAND	63,778	927	LAWRENCE	43,518	396	SUMNER	184,532	1,293
DAVIDSON	698,061	3,799	LEWIS	12,912	127	TIPTON	69,239	409
DECATUR	12,029	144	LINCOLN	35,104	319	TROUSDALE	8,564	61
DEKALB	19,936	172	LOUDON	56,118	686	UNICOI	19,003	216
DICKSON	54,959	400	MCMINN	55,100	526	UNION	20,124	150
DYER	39,607	315	MCNAIRY	27,486	255	VAN BUREN	5,668	52
FAYETTE	46,608	381	MACON	23,838	184	WARREN	41,167	349
FENTRESS	19,082	174	MADISON	104,799	803	WASHINGTON	137,400	1,174
FRANKLIN	42,395	414	MARION	28,627	253	WAYNE	17,551	156
GIBSON	51,934	478	MARSHALL	33,885	246	WEAKLEY	36,300	318
GILES	29,787	277	MAURY	90,666	681	WHITE	28,037	281
GRAINGER	24,244	210	MEIGS	12,345	109	WILLIAMSON	225,526	1,323
GREENE	73,620	708	MONROE	49,048	447	WILSON	133,865	909
GRUNDY	13,379	129	MONTGOMERY	211,602	884			
			MOORE	6,923	71			

PREPARED BY: TENNESSEE DEPARTMENT OF HEALTH, DIVISION OF POLICY, PLANNING AND ASSESSMENT

Dec 2015

\*Projections Data Source: The University of Tennessee Center for Business and Economic Research Population Projection Data Files, Reassembled by the Tennessee Department of Health, Division of Policy, Planning and Assessment.  
Note: These data will not match the University of Tennessee Data exactly due to rounding.





## Carter County Nursing Home Utilization 2014

County	Nursing Home Name	Total Licensed Beds	Total Days of Care	Licensed Occupancy	SNF/ NF Medicare	SNF/ NF Medicaid	SNF/ NF Dual	Licensed Only	SNF/ NF Medicaid/ Level I Only	NF - ADC	SNF Medicare/ Level II ADC	NF - ADC (Total)	Medicaid/ TennCare Level I Days of Care	Total Level I Days of Care	Medicare Total Days of Care	Total Level II Days of Care
Carter	Hermitage Health Center	70	22,527	88.2%	0	0	70	0	0	0	11	51	0	18,548	3,979	3,979
Carter	Hillview Health Center	76	25,315	91.3%	0	0	76	0	37	0	20	49	13,340	17,963	7,163	7,352
Carter	Ivy Hall Nursing Home	100	35,159	96.3%	0	0	100	0	0	0	15	81	0	29,625	5,532	5,534
Carter	Life Care Center of Elizabethton	154	36,817	65.5%	154	0	0	0	0	0	20	76	0	27,733	7,259	9,084
Carter	Pine Ridge Care and Rehabilitation	94	28,659	83.5%	0	94	0	0	54	16	62	19,737	22,580	5,935	6,079	6,079
Carter	Roan Highlands Nursing Center	80	26,370	90.3%	0	80	0	0	0	16	54	33,077	136,065	35,728	6,754	6,754
<b>Carter</b>	<b>_COUNTY TOTAL</b>	<b>574</b>	<b>174,847</b>	<b>83.5%</b>	<b>154</b>	<b>420</b>	<b>0</b>	<b>0</b>	<b>91</b>	<b>98</b>	<b>373</b>	<b>388</b>	<b>26,765</b>	<b>141,513</b>	<b>34,740</b>	<b>38,951</b>

## Carter County Nursing Home Utilization - 2013

County	Nursing Home Name	Total Licensed Beds	Total Days of Care	Licensed Occupancy	SNF/ NF Medicare	SNF/ NF Medicaid	SNF/ NF Dual	Licensed Only	SNF/ NF Medicaid/ Level I Only	NF - ADC	SNF Medicare/ Level II ADC	NF - ADC (Total)	Medicaid/ TennCare Level I Days of Care	Total Level I Days of Care	Medicare Total Days of Care	Total Level II Days of Care
Carter	Hermitage Health Center	70	24,065	94.2%	0	70	0	0	0	0	11	55	0	20,098	3,967	3,967
Carter	Hillview Health Center	76	22,400	80.7%	0	76	0	0	1	17	44	44	404	16,241	6,103	6,159
Carter	Ivy Hall Nursing Home	100	34,833	95.4%	0	100	0	0	0	21	68	68	0	24,964	7,831	9,869
Carter	Life Care Center Of Elizabethton	154	39,076	69.5%	154	0	0	0	8	17	88	2,992	31,998	6,326	7,078	7,078
Carter	Pine Ridge Care & Rehabilitation	94	33,569	97.8%	0	94	0	0	64	16	74	23,369	27,084	5,684	6,485	6,485
Carter	Roan Highlands Nursing Center	80	26,521	90.8%	0	80	0	0	0	13	58	58	0	21,128	4,829	5,393
<b>Carter</b>	<b>_COUNTY TOTAL</b>	<b>574</b>	<b>180,464</b>	<b>86.1%</b>	<b>154</b>	<b>420</b>	<b>0</b>	<b>0</b>	<b>73</b>	<b>95</b>	<b>388</b>	<b>388</b>	<b>26,765</b>	<b>141,513</b>	<b>34,740</b>	<b>38,951</b>

## Carter County Nursing Home Utilization - 2012

County	Nursing Home Name	Total Licensed Beds	SNF/ NF Medicare	SNF/ NF Medicaid	SNF/ NF Dual	Licensed Only	SNF/ NF Medicaid/ Level I Only	NF - ADC	SNF Medicare/ Level II ADC	NF - ADC (Total)	Licensed Occupancy	SNF Medicare/ Level II ADC	Medicaid/ TennCare Level I Days of Care	Total Level I Days of Care	Medicare Total Days of Care	Total Level II Days of Care
Carter	Hermitage Health Center	70	0	70	0	0	0	0	0	50	86.1%	0	18,276	3,730	3,730	22,006
Carter	Hillview Health Center	56	0	56	0	0	0	0	44	94.9%	0	15,928	3,423	3,423	19,397	19,397
Carter	Ivy Hall Nursing Home	100	0	100	0	0	0	0	66	97.2%	0	24,335	6,450	11,154	35,489	35,489
Carter	Life Care Center of Elizabethton	154	154	0	0	0	0	0	96	77.0%	0	35,310	7,262	7,977	43,287	43,287
Carter	Pine Ridge Care and Rehabilitation	94	0	94	0	0	0	55	66	90.4%	0	20,288	24,281	6,069	6,749	31,030
Carter	Roan Highlands Nursing Center	80	0	80	0	0	0	14	52	94.1%	0	19,033	5,039	8,450	27,483	27,483
<b>Carter</b>	<b>_COUNTY TOTAL</b>	<b>554</b>	<b>154</b>	<b>400</b>	<b>0</b>	<b>0</b>	<b>55</b>	<b>87</b>	<b>375</b>	<b>88.4%</b>	<b>20,288</b>	<b>137,163</b>	<b>31,973</b>	<b>41,529</b>	<b>178,692</b>	<b>178,692</b>

Source: Tennessee Department of Health, Division of Health Statistics

Demographic Variable/Geographic Area	Department of Health/Health Statistics							Bureau of the Census				TennCare	
	Total Population-Current Year	Total Population-Projected Year	Total Population-% Change	*Target Population-Current Year	*Target Population-Project Year	*Target Population-% Change	Target Population as % of Total	Median Age	Median Household Income	Person Below Poverty Level	Person Below Poverty Level as % of Total	TennCare Enrollees	TennCare Enrollees as % of Total
Carter County	58,139	58,274	0.2%	12,124	12,830	0.2%	22%	43.2	\$32,754	N/A	23.5%	13,811	23.8%
Service Area Total	58,139	58,274	0.2%	12,124	12,830	0.2%	22%	43.2	\$32,754	N/A	23.5%	13,811	23.8%
State of TN Total	6,812,005	6,962,031	16%	1,091,516	1,175,143	7.7%	16.9%	38.3	\$44,621	N/A	17.8%	1,553,726	22.8%



## CARE CENTERS MANAGEMENT CONSULTING, INC.

2020 Northpark, Suite 2D • Johnson City, TN 37604 • Ph (423) 975-5455

September 09, 2016

Tennessee Health Services and Development Agency  
502 Deaderick Street  
Andrew Jackson Building  
Ninth Floor  
Nashville, TN 37243

Re: Ivy Hall, Inc., d/b/a Ivy Hall Nursing Home  
CON Application – 1 Licensed Bed

To Whom It May Concern:

I, Anita B. West, as Chief Financial Officer of Care Centers Management Consulting, Inc., contracted management / consulting firm for Ivy Hall, Inc., d/b/a Ivy Hall Nursing Home attest there are sufficient funds available, on hand to fund the requested project.

If you should have any questions regarding this matter, please feel free to contact me at the telephone number shown above.

Best Regards,

Anita B. West

Chief Financial Officer  
Care Centers Management Consulting, Inc.



# *Ivy Hall Nursing Home*

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*"Once a Vision, Now Our Heritage"*

Serving Our Community Since 1959

## **IVY HALL NURSING HOME, INC.**

**HUD PROJECT #087-43051**

**HUD PROJECT #087-10006**

### **AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

**December 31, 2015 and 2014**

**IVY HALL NURSING HOME, INC.  
HUD PROJECT #087-43051  
HUD PROJECT #087-10006**

**FINANCIAL STATEMENTS**

**AND**

**SUPPLEMENTARY INFORMATION**

**For the Years Ended December 31, 2015 and 2014**

**IVY HALL NURSING HOME, INC.  
HUD PROJECT #087-43051  
HUD PROJECT #087-10006  
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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Ivy Hall Nursing Home, Inc.  
301 Watauga Avenue  
Elizabethton, Tennessee 37643

### Report on the Financial Statements

We have audited the accompanying financial statements of Ivy Hall Nursing Home, Inc. (the "Company"), HUD Projects #087-43051 and #087-10006, which comprise the balance sheets as of December 31, 2015 and 2014, and the related statements of profit and loss and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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Ivy Hall Nursing Home, Inc.  
Independent Auditors' Report

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ivy Hall Nursing Home, Inc., HUD Projects #087-43051 and #087-10006, as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

**Other Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 19-27 is presented for purposes of additional analysis as required by the *Consolidated Audit Guide for Audits of HUD Programs* issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and is not a required part of the financial statements.

The accompanying supplementary information shown on pages 19-27 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information shown on pages 19-27 is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Governmental Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued reports dated March 23, 2016, on our consideration of Ivy Hall Nursing Home, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of those reports are to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ivy Hall Nursing Home, Inc.'s internal control over financial reporting and compliance.

  
BLACKBURN, CHILDERS & STEAGALL, PLC  
Johnson City, Tennessee

March 23, 2016



**FINANCIAL  
STATEMENTS**

**IVY HALL NURSING HOME, INC.**  
**HUD PROJECT #087-43051**  
**HUD PROJECT #087-10006**  
**BALANCE SHEETS**  
**December 31, 2015 and 2014**

ASSETS	2015	2014
<b>CURRENT ASSETS</b>		
Cash	\$ 468,501	368,891
Accounts Receivable - Net of Allowance	828,908	531,088
Prepaid Expenses	41,236	127,665
Restricted - Tax and Insurance Escrow	83,290	82,017
<b>Total Current Assets</b>	<b>1,421,935</b>	<b>1,109,661</b>
<b>PROPERTY AND EQUIPMENT</b>		
Land	335,630	335,630
Land Improvements	350,502	345,002
Less: Accumulated Depreciation	(215,399)	(184,880)
Leasehold Improvements	21,609	21,609
Less: Accumulated Depreciation	(18,189)	(16,235)
Buildings and Improvements	5,413,561	5,398,927
Less: Accumulated Depreciation	(3,366,663)	(3,106,920)
Equipment, Furniture and Fixtures	1,192,023	1,156,800
Less: Accumulated Depreciation	(934,839)	(874,956)
Vehicles	90,578	90,578
Less: Accumulated Depreciation	(40,134)	(19,117)
Equipment - Capital Lease	270,472	270,472
Less: Accumulated Depreciation	(189,615)	(171,819)
<b>Total Property and Equipment</b>	<b>2,909,536</b>	<b>3,245,091</b>
<b>OTHER ASSETS</b>		
Goodwill - Net of Accumulated Amortization	68,710	78,525
Loan Costs - Net of Accumulated Amortization	210,239	219,638
Restricted Cash	245,360	245,611
Patient Trust Fund	45,690	28,105
Deferred Tax Benefit	108,851	108,663
<b>Total Other Assets</b>	<b>678,850</b>	<b>680,542</b>
<b>TOTAL ASSETS</b>	<b>\$ 5,010,321</b>	<b>5,035,294</b>

(Continued)

**IVY HALL NURSING HOME, INC.**  
**HUD PROJECT #087-43051**  
**HUD PROJECT #087-10006**  
**BALANCE SHEETS**  
**December 31, 2015 and 2014**

**LIABILITIES AND STOCKHOLDERS' EQUITY**

	<u>2015</u>	<u>2014</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable		
Trade	\$ 306,870	291,862
Other	52,061	51,306
Mortgage Payable, Current Portion	115,928	109,116
Note Payable, Current Portion	15,635	17,139
Line of Credit, Current Portion	200,000	-
Accrued Salaries and Wages	44,281	158,862
Accrued Payroll Taxes	4,547	13,407
Accrued Compensated Absences	111,316	118,469
Accrued Expenses	143,743	141,692
Total Current Liabilities	<u>994,381</u>	<u>901,853</u>
<b>NON CURRENT LIABILITIES</b>		
Mortgage Payable - Net of Current Portion	5,266,890	5,382,819
Note Payable- Net of Current Portion	30,619	46,273
Patient Trust Fund	45,690	28,105
Total Non Current Liabilities	<u>5,343,199</u>	<u>5,457,197</u>
<b>TOTAL LIABILITIES</b>	<u>6,337,580</u>	<u>6,359,050</u>
<b>STOCKHOLDERS' EQUITY</b>		
Common Stock (\$10 par value, 1,000 shares authorized, 500 shares issued and outstanding)	5,000	5,000
Accumulated Deficit	<u>(1,332,259)</u>	<u>(1,328,756)</u>
Total Stockholders' Equity	<u>(1,327,259)</u>	<u>(1,323,756)</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 5,010,321</u>	<u>5,035,294</u>

The accompanying notes are an integral part of these financial statements.

**IVY HALL NURSING HOME, INC.**  
**HUD PROJECT #087-43051**  
**HUD PROJECT #087-10006**  
**STATEMENTS OF PROFIT AND LOSS**  
**For the Years Ended December 31, 2015 and 2014**

	2015	2014
<b>REVENUES</b>		
Patient Services	\$ 9,728,488	9,484,864
Less: Contractual Adjustments	1,700,759	1,863,909
	<u>8,027,729</u>	<u>7,620,955</u>
Other Operating Income	31,151	28,799
	<u>8,058,880</u>	<u>7,649,754</u>
<b>OPERATING EXPENSES</b>		
Administrative and General	1,359,760	1,241,655
Dietary	447,903	473,221
Employee Benefits	812,271	788,280
Housekeeping	194,074	173,293
Laundry and Linen	67,785	73,409
Medical and Nursing	2,463,015	2,472,161
Ancillaries	263,821	268,651
Therapies	585,399	632,937
Plant Operations and Maintenance	526,486	477,472
Property Expense	168,741	172,458
Recreation Activities	71,693	70,502
Social Services	106,873	109,150
Interest	333,873	339,408
	<u>7,401,694</u>	<u>7,292,597</u>
<b>INCOME FROM OPERATIONS BEFORE DEPRECIATION AND AMORTIZATION EXPENSE AND MANAGEMENT FEES</b>	657,186	357,157
Depreciation Expense	390,912	385,947
Amortization Expense	19,213	19,213
Management Consulting Fees	251,141	359,679
	<u>(4,080)</u>	<u>(407,682)</u>
<b>Income (Loss) from Operations</b>		
<b>OTHER INCOME (EXPENSE)</b>		
Loss on Disposal of Assets	-	(716)
Interest Income	389	1,197
	<u>389</u>	<u>481</u>
<b>Total Other Income (Expense)</b>		
<b>INCOME (LOSS) BEFORE INCOME TAXES</b>	<u>(3,691)</u>	<u>(407,201)</u>

(Continued)

**IVY HALL NURSING HOME, INC.**  
**HUD PROJECT #087-43051**  
**HUD PROJECT #087-10006**  
**STATEMENTS OF PROFIT AND LOSS**  
**For the Years Ended December 31, 2015 and 2014**

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	<u>2015</u>	<u>2014</u>
INCOME (LOSS) BEFORE INCOME TAXES (BROUGHT FORWARD)	(3,691)	(407,201)
BENEFIT (PROVISION) FOR STATE INCOME TAX - DEFERRED	<u>188</u>	<u>28,789</u>
NET INCOME (LOSS)	<u>\$ (3,503)</u>	<u>(378,412)</u>

The accompanying notes are an integral part of these financial statements.

**IVY HALL NURSING HOME, INC.**  
**HUD PROJECT #087-43051**  
**HUD PROJECT #087-10006**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Interest Receipts	\$ 389	1,197
Other Operating Receipts	7,761,060	7,959,502
Administrative	(894,904)	(883,869)
Management Consulting Fees	(251,558)	(361,957)
Utilities	(199,839)	(203,972)
Salaries and Wages	(3,579,444)	(3,411,317)
Operating and Maintenance	(229,483)	(195,169)
Real Estate Taxes	(53,447)	(52,615)
Property Insurance	(62,508)	(60,227)
Miscellaneous Taxes and Insurance	(223,563)	(287,740)
Other Operating Expenses	(1,747,316)	(1,846,951)
Lease Payments	(74,151)	(79,161)
Interest Paid on Mortgage	(328,232)	(334,536)
Interest Paid on Note Payable	(6,194)	(5,390)
Mortgage Insurance Premium	(28,547)	(29,102)
<b>Net Cash Flows Provided by Operating Activities</b>	<u>82,263</u>	<u>208,693</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Building and Improvements	(20,134)	(26,728)
Purchase of Equipment, Furniture and Fixtures	(35,223)	(39,996)
Purchase of Vehicles	-	(2,800)
Reserve for Replacement Account	251	(12,980)
Mortgage Escrow	(1,272)	(3,674)
<b>Net Cash Flows Used for Investing Activities</b>	<u>(56,378)</u>	<u>(86,178)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Line of Credit	200,000	-
Repayments of Mortgage and Note Payable	(126,275)	(111,365)
<b>Net Cash Flows Provided By Financing Activities</b>	<u>73,725</u>	<u>(111,365)</u>

(Continued)

**IVY HALL NURSING HOME, INC.**  
**HUD PROJECT #087-43051**  
**HUD PROJECT #087-10006**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
INCREASE (DECREASE) IN CASH	99,610	11,150
CASH AT BEGINNING OF YEAR	<u>368,891</u>	<u>357,741</u>
CASH AT END OF YEAR	<u>\$ 468,501</u>	<u>368,891</u>
Reconciliation of Net Income (Loss) to Net Cash Provided By		
Operating Activities		
Net Income (Loss)	\$ (3,503)	(378,412)
Adjustments to Reconcile Net Income (Loss)		
to Net Cash Provided by Operating Activities		
Depreciation Expense	390,912	385,947
Amortization Expense	19,213	19,213
Loss on Disposal of Assets	-	716
(Increase) Decrease in Assets:		
Accounts Receivable - Net of Allowance	(297,820)	309,749
Prepaid Expenses	86,429	(48,098)
Patient Trust Fund	(17,585)	1,576
Deferred Tax Benefit	(188)	(28,789)
Increase (Decrease) in Liabilities:		
Accounts Payable	15,763	8,217
Accrued Salaries and Wages	(114,581)	8,484
Accrued Payroll Taxes	(8,860)	480
Accrued Compensated Absences	(7,153)	(348)
Accrued Expenses	2,051	(68,466)
Patient Trust Fund	<u>17,585</u>	<u>(1,576)</u>
Net Cash Flows Provided by Operating Activities	<u>\$ 82,263</u>	<u>208,693</u>
SUPPLEMENTAL DISCLOSURES:		
Non-cash investing and financing activities:		
Acquisition of vehicle on installment loan basis	\$ -	52,910

The accompanying notes are an integral part of these financial statements.

**IVY HALL NURSING HOME, INC.**  
**HUD PROJECT #087-43051**  
**HUD PROJECT #087-10006**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

The major accounting policies of Ivy Hall Nursing Home, Inc. (the "Company") are summarized below to assist the reader in reviewing the Company's financial statements.

**Organization**

Ivy Hall Nursing Home, Inc. was organized as a corporation to own and operate a 100-bed health care facility providing intermediate and skilled care to its residents. The additions and renovations of the project, including refinancing of the existing debt at the time of renovation, were financed and constructed under Section 232 of the National Housing Act for Nursing Homes, and is administered by the U.S. Department of Housing and Urban Development (HUD). For the year beginning January 1, 1988, its owner elected under the Internal Revenue Code to become an S corporation. One shareholder owns 100 percent of the outstanding stock of the corporation. The facility is located in Elizabethton, Tennessee and resident base is primarily comprised of residents of East Tennessee.

**Cash**

Cash consists of cash on deposit at a bank and petty cash. Cash on deposit is insured up to \$250,000 by Federal Depository Insurance Corporation (FDIC) coverage. At various times during the years, the Company maintained cash balances in excess of insurable limits set by the FDIC. The Company also carries employee dishonesty coverage in the amount of \$750,000. At December 31, 2015 and 2014, cash on deposit and on hand included the following:

	Per Bank		Per Books	
	2015	2014	2015	2014
Petty Cash	\$ 500	500	\$ 500	500
Bank	676,148	460,397	468,001	368,391
Total	<u>\$ 676,648</u>	<u>460,897</u>	<u>\$ 468,501</u>	<u>368,891</u>



**IVY HALL NURSING HOME, INC.**  
**HUD PROJECT #087-43051**  
**HUD PROJECT #087-10006**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Restricted Cash**

Cash is held in the bank for the reserve and replacement of equipment as required by the U.S. Department of Housing and Urban Development. The balances per bank at December 31, 2015 and 2014 were \$245,360 and \$245,611, respectively. All cash on deposit is insured up to \$250,000 by the FDIC.

**Property and Equipment**

Property and equipment are stated at cost and are depreciated by the straight-line method over their estimated useful lives. Expenses for maintenance and repairs, which do not improve or extend the life of an asset, are charged to expense as incurred. Major renewals, betterments, and additions are capitalized. Interest incurred during construction of the facility totaling \$216,280 has been capitalized and is included in the cost of the building in the property and equipment section of the balance sheets. Depreciation expense for the years ended December 31, 2015 and 2014 amounted to \$390,912 and \$385,947, respectively.

**Intangible Assets**

Certain costs incurred relative to obtaining financing have been capitalized and are being amortized on a straight-line basis over the life of the loan (Note 4). In 2014, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update concerning accounting methods for goodwill. As a result, goodwill is being amortized over a 10 year life (Note 10).

**Compensated Absences**

Employees of the Company are entitled to paid vacation and paid sick days depending on job classification, length of service, and other factors. The Company has accrued \$111,316 and \$118,469 at December 31, 2015 and 2014, respectively.

**Patient Service Revenue**

Patient service revenue is reported at the estimated net realizable amounts from residents, third-party payers, and others for service rendered.

Revenue under third-party payer agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payer settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of settlement.

**IVY HALL NURSING HOME, INC.**  
**HUD PROJECT #087-43051**  
**HUD PROJECT #087-10006**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

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**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Advertising**

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2015 and 2014 was \$5,093 and \$4,275, respectively.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Federal Income Taxes**

The Company has made no provision for federal income taxes because the shareholder is taxed individually on the S-corporation earnings.

**State Income Taxes**

The Company is subject to paying state income taxes in Tennessee. Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax basis of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities (Note 10)

**Subsequent Events**

The Company has evaluated subsequent events through March 23, 2015, the date which the financial statements were available to be issued.

**NOTE 2 - ACCOUNTS RECEIVABLE**

Accounts receivable are comprised of amounts due from private-pay patients and amounts due from Medicaid and Medicare. Gross accounts receivable as of December 31, 2015 and 2014 were \$868,908 and \$571,088, with allowances for doubtful accounts of \$40,000 and \$40,000, respectively. The allowance for doubtful accounts is an estimate established by a review of account history and knowledge of the industry. Accounts are directly written off once all methods of collection have been exhausted. Bad debt was \$16,131 and \$55,453 for the years ended December 31, 2015 and 2014, respectively.

**IVY HALL NURSING HOME, INC.**  
**HUD PROJECT #087-43051**  
**HUD PROJECT #087-10006**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

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**NOTE 3 - PATIENT TRUST FUNDS**

Patient trust accounts are maintained by the facility on behalf of its patients. Separate bank accounts are used for the trust funds. The Company classifies the amount in a specifically designated cash account with an offsetting patient trust liability for the funds on deposit. The patient trust accounts, as required by federal nursing facility regulation, are fully insured via surety bonding.

**NOTE 4 - LOAN COSTS**

Loan costs consist of the following at December 31:

	<u>2015</u>	<u>2014</u>
Loan Costs - net of accumulated amortization of \$31,045 in 2015 and \$28,608 in 2014	\$ 54,174	56,611
Loan Costs - net of accumulated amortization of \$35,970 in 2015 and \$29,008 in 2014	<u>156,065</u>	<u>163,027</u>
	<u>\$210,239</u>	<u>219,638</u>

Loan Costs, with an original cost of \$85,219, associated with the HUD construction loan were amortized over the life of the loan of 420 months using the straight-line method.

Loan Costs, with an original cost of \$192,035, is associated with a second HUD construction loan obtained during 2009. The loan costs are amortized over the life of the loan of 331 months using the straight-line method.

The future amortization of these loan costs will be as follows:

2016	\$ 9,397
2017	9,397
2018	9,397
2019	9,397
2020	9,397
Thereafter	<u>163,254</u>
Total	<u>\$210,239</u>

**IVY HALL NURSING HOME, INC.**  
**HUD PROJECT #087-43051**  
**HUD PROJECT #087-10006**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

**NOTE 5 - MORTGAGE AND NOTE PAYABLE**

**Mortgage Payable**

On April 1, 2003, the Company borrowed funds from a bank to refinance existing debt for the construction of a 23-bed addition and to make major renovations to the existing 77-bed building. The total amount of the mortgage was \$4,107,300 at an interest rate of 5.65%. Monthly payments of \$22,462 began June 1, 2003 including interest and principal. This loan matures May 1, 2038. The loan is collateralized by the building.

During 2010, Ivy Hall Nursing Home, Inc. obtained a loan for renovation construction on the Home. The original amount of the loan was \$1,816,900. During 2011, an approved increase in the loan was agreed to, bringing the total loan balance to \$2,118,800. The loan carries an interest rate of 6.95%. Monthly payments began in November 2010.

The loans are both collateralized by the HUD project and all personal property relating to the project with a carrying amount of \$4,050,112, net, as of December 31, 2015.

Based on market rates for similar loans, at December 31, 2015 and 2014, the fair value of the mortgages approximates their carrying amount.

Mortgage payable at December 31 was as follows:

	<u>2015</u>	<u>2014</u>
Mortgage Payable - Bank	\$5,382,818	5,491,935
Less: Current Portion	<u>115,928</u>	<u>109,116</u>
	<u>\$5,266,890</u>	<u>5,382,819</u>

Maturities of long-term debt for the mortgage payable as of December 31, 2015 are as follows:

	HUD #087-43051	HUD #087-10006	Total Mortgage Payable
2016	\$ 78,189	37,739	115,928
2017	82,723	40,445	123,168
2018	87,520	43,349	130,869
2019	92,595	46,459	139,054
2020	97,964	49,793	147,757
Thereafter	2,983,307	1,742,735	4,726,042
Total	<u>\$ 3,422,298</u>	<u>1,960,520</u>	<u>5,382,818</u>

**IVY HALL NURSING HOME, INC.**  
**HUD PROJECT #087-43051**  
**HUD PROJECT #087-10006**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

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**NOTE 5 - MORTGAGE AND NOTE PAYABLE (CONTINUED)**

**Note Payable**

During October 2013, the Company entered into a note payable to purchase a vehicle. The total amount of the note was \$20,881 with an interest rate of 0% and a maturity date of November 2016. Monthly payments of \$580 began November 2013. Note payable at December 31, 2015 and 2014 was \$5,220 and \$12,181, respectively, of which \$5,220 was considered current in 2015.

Maturity of the note payable as of December 31, 2015 was as follows:

	<u>Note Payable</u>
2016	\$ 5,220
Total	<u>\$ 5,220</u>

During October 2014, the Company entered into a note payable to purchase a vehicle. The total amount of the note was \$52,910 with an interest rate of 2.29% and a maturity date of November 2019. Monthly payments of \$939 began November 2014. Note payable at December 31, 2015 and 2014 was \$41,034 and \$51,231, respectively, of which \$10,415 was considered current in 2015.

	<u>Note Payable</u>
2016	\$ 10,415
2017	10,656
2018	10,902
2019	<u>9,061</u>
Total	<u>\$ 41,034</u>

**NOTE 6 - LINE OF CREDIT**

During December 2015, the Company obtained a line of credit for \$200,000 which matures in December 2016. The line is payable upon demand with an initial interest rate of 4%. The line of credit had a balance of \$200,000 and \$0 at December 31, 2015 and 2014. The security for this line of credit is accounts receivable.

**NOTE 7 - INTEREST COSTS**

Interest costs incurred amounted to \$333,873 and \$339,408 for the years ended December 31, 2015 and 2014, respectively, and were charged to operations.

**IVY HALL NURSING HOME, INC.**  
**HUD PROJECT #087-43051**  
**HUD PROJECT #087-10006**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

**NOTE 8 - ACCRUED EXPENSES**

Accrued expenses at December 31 were as follows:

	<u>2015</u>	<u>2014</u>
Real Estate Taxes	\$ 45,401	45,615
Tennessee Franchise Tax	1,164	1,947
Management Fees	56,715	57,132
Accrued Legal Expense	3,186	3,186
Accrued Interest - HUD #087-43051	16,113	16,461
Accrued Interest - HUD #087-10006	11,355	11,559
Other Accruals	9,809	5,792
Total Accrued Expenses	<u>\$ 143,743</u>	<u>141,692</u>

**NOTE 9 - DEFERRED STATE TAXES**

Deferred income tax assets (liabilities) at December 31 were:

	<u>2015</u>	<u>2014</u>
Deferred income tax asset from net operating loss carryover	\$ 53,279	60,824
Deferred income tax asset due to the change in legal expense accrual	207	207
Deferred income tax asset due to the change in allowance for doubtful accounts	2,600	2,600
Deferred income tax asset from excess of tax depreciation (MACRS) over book depreciation	44,892	36,906
Deferred income tax asset from excess of tax amortization over book amortization	638	426
Deferred income tax asset due to the change in the vacation accrual	<u>7,235</u>	<u>7,700</u>
Total Deferred Tax Benefit	<u>\$ 108,851</u>	<u>108,663</u>

As of December 31, 2015, the Company had unused state net operating losses available for carryover in future years. The unused state net operating losses carryover will begin to expire in 2027.

**IVY HALL NURSING HOME, INC.**  
**HUD PROJECT #087-43051**  
**HUD PROJECT #087-10006**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

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**NOTE 10 - GOODWILL**

The Company repurchased one-half of its outstanding stock from a stockholder for \$103,157 as treasury stock in October 1987. Beginning in 1993, treasury stock was no longer recognized in the State of Tennessee and as a result, the excess cost over the par value of \$5,000 was classified as goodwill. In accordance with financial accounting standards relating to intangible assets, the Company's goodwill balance is amortized based on a 10 year useful life. The balance of goodwill as of December 31, 2015 and 2014 was \$68,710 and \$78,525, respectively, net of accumulated amortization of \$29,447 and \$19,632, respectively. Amortization expense related to goodwill for the years ended December 31, 2015 and 2014 was \$9,815 and \$9,816, respectively.

The future amortization of goodwill will be as follows:

	<u>Goodwill</u>
2016	9,816
2017	9,816
2018	9,816
2019	9,816
2020	9,816
Thereafter	<u>19,630</u>
Total	<u>\$ 68,710</u>

**NOTE 11 - MANAGEMENT CONSULTING FEES**

On October 1, 2003, the Company entered into a management consulting and services agreement (the "agreement") with Care Centers Management of Elizabethton, Inc., a wholly-owned subsidiary of Care Centers Management Consulting, Inc. ("CCMC"). Effective January 1, 2007, the agreement was assigned to CCMC. These companies are located in Johnson City, Tennessee. Management fees were set as being equal to five percent of the project income, until October 2014, when the fees were changed to 3.45%. In April 2015, the fees changed to equal 3.00% of the project income. Management fee expense for 2015 and 2014 totaled \$251,141 and \$359,679, respectively.

**NOTE 12 - OPERATING LEASES**

**Office Equipment**

In August 2014, a non-cancellable lease for various computer equipment and components was entered into for 48 months. Total expense was \$5,601 for 2015 and \$1,867 for 2014.

**Vehicles**

In April 2013, a 36 month non-cancelable operating lease was entered for a 2013 Ford Expedition. The total expense was \$17,493 for 2015 and \$17,493 for 2014.

**IVY HALL NURSING HOME, INC.**  
**HUD PROJECT #087-43051**  
**HUD PROJECT #087-10006**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

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**NOTE 12 - OPERATING LEASES (CONTINUED)**

**Building - Related Party**

The Company entered into a 30 year non-cancelable operating lease on July 1, 2005 for a building owned by the shareholder. Total rent expense was \$15,329 for 2015 and \$15,497 for 2014. Per the lease agreement, monthly rent expense equals the lessor's depreciation expense incurred, lessor's loan cost amortization, lessor's property tax incurred, lessor's insurance expense incurred plus lessor's interest expense. The building is utilized for nursing home purposes only, including as a laundry and for storage of nursing home property and supplies.

During 2009, the Company entered into a 20 year non-cancelable operating lease for a house owned by the shareholder. Total rent expense was \$18,905 for 2015 and \$18,905 for 2014. Per the lease agreement, monthly rent expense equals the lessor's principal and interest payment on the property plus the lessor's property tax incurred. The house is utilized for nursing home purposes only.

**Future Minimum Payments:**

The future minimum rental payments for operating leases are:

2016	\$ 44,029
2017	39,460
2018	37,383
2019	33,422
2020	33,178
Thereafter	<u>310,710</u>
	<u>\$498,182</u>

**NOTE 13 - CHANGE IN ACCUMULATED DEFICIT**

The change in accumulated deficit during 2015 and 2014 consisted of the following:

	<u>2015</u>	<u>2014</u>
Beginning Balance, January 1	\$ (1,328,756)	(950,344)
Net Income (Loss)	<u>(3,503)</u>	<u>(378,412)</u>
Ending Balance, December 31	<u>\$ (1,332,259)</u>	<u>(1,328,756)</u>



**IVY HALL NURSING HOME, INC.**  
**HUD PROJECT #087-43051**  
**HUD PROJECT #087-10006**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

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**NOTE 14 - MEDICAL MALPRACTICE AND WORKERS COMPENSATION CLAIMS**

Based on the recommendation of legal counsel, the Company accrued \$3,186 in 2015 and \$3,186 in 2014 to cover the estimated defense costs and the potential settlement of a pending case. The Company purchases professional and general liability insurance to cover various claims including medical malpractice and workers compensation. The Company is of the opinion that any additional potential losses from claims would be covered by insurance. As of December 31, 2015, \$71,814 had been expensed in relation to the case, leaving \$3,186 of exposure.

**NOTE 15 - UNCERTAIN TAX POSITIONS**

The Company files income tax returns in the U.S. federal jurisdiction and the State of Tennessee. The Company is organized as an S-Corporation. For the U.S federal purposes, items of income or loss are allocated to the shareholders in accordance with their respective equity interest and reported in their individual federal income tax returns.

As of December 31, 2015 and 2014 the Company has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements, and does not expect this to change significantly over the next 12 months. In accordance with Financial Accounting Standards Board *Accounting Standards Codification* (FASB ASC), the Company will recognize interest and penalties accrued on any unrecognized tax liabilities as a component of income tax expense. As of December 31, 2015 and 2014, the Company has not accrued interest or penalties related to uncertain tax positions.

**SUPPLEMENTARY  
INFORMATION**

**IVY HALL NURSING HOME, INC.**  
**HUD PROJECT #087-43051**  
**HUD PROJECT #087-10006**  
**SUPPLEMENTARY DATA REQUIRED BY HUD**  
**For the Year Ended December 31, 2015**

In accordance with the provisions of the Regulatory Agreement, restricted cash is used for replacement of property subject to the approval of HUD.

<u>Schedule of Reserve for Replacements</u>	HUD #087-43051	HUD #087-10006	Total
Balance, January 1, 2015	\$ 205,213	40,398	245,611
Monthly Payments HUD #087-43051 (\$4,040 x 12 months)	48,480	-	48,480
Monthly Payments HUD #087-10006 (\$806 x 12 months)	-	9,671	9,671
Authorized Withdrawal by Mortgage Used for Building Improvements (Account 1420)	(58,700)	-	(58,700)
Interest	243	55	298
Balance, December 31, 2015	<u>\$ 195,236</u>	<u>50,124</u>	<u>245,360</u>

The reserve for replacement account is held in the following accounts:

Money Market Account - Heartland Bank	<u>\$ 245,360</u>
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Residual Receipts

None

See Independent Auditors' Report.

**IVY HALL NURSING HOME, INC.**  
**HUD PROJECT #087-43051**  
**HUD PROJECT #087-10006**  
**SUPPLEMENTARY DATA REQUIRED BY HUD**  
**For the Year Ended December 31, 2015**

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**Computation of Surplus Cash, Distributions, and Residual Receipts (Annual)**

**PART A**

Cash	\$ 468,501
Medicaid and Medicare Receivables, Net of Allowance	828,908
Patient Trust Deposits	<u>45,690</u>
<b>TOTAL CASH</b>	<u><b>1,343,099</b></u>
<b>Current Obligations</b>	
Accounts Payable - 30 Days	251,836
Accrued Expenses (not Escrowed)	149,478
Leases Due Within 30 Days	4,769
Loans and Notes Payable Due Within 30 Days	36,863
Patient Trust Deposits	<u>45,690</u>
<b>TOTAL CURRENT OBLIGATIONS</b>	<u><b>488,636</b></u>
<b>SURPLUS CASH</b>	<u><u><b>\$ 854,463</b></u></u>
<b>Amount Available for Distribution During Next Fiscal Period</b>	<u><u><b>\$ 854,463</b></u></u>
<b>Deposit Due Residual Receipts</b>	<u><u><b>\$ 0</b></u></u>

See Independent Auditors' Report.

**IVY HALL NURSING HOME, INC.**  
**HUD PROJECT #087-43051**  
**HUD PROJECT #087-10006**  
**SUPPLEMENTARY DATA REQUIRED BY HUD**  
**For the Year Ended December 31, 2015**

**Schedule of Changes in Fixed Assets**

	Asset Balance			Balance 12/31/2015	
	Balance 1/1/2015	Additions	Deletions		
Land	\$ 335,630	-	-	335,630	
Buildings	6,457,840	20,134	-	6,477,974	
Equipment - Portable	270,201	-	-	270,201	
Vehicles	90,578	-	-	90,578	
Furniture	77,264	3,197	-	80,461	
Miscellaneous Fixed Assets	387,505	32,026	-	419,531	
<b>Totals</b>	<b>\$ 7,619,018</b>	<b>55,357</b>	<b>0</b>	<b>7,674,375</b>	

	Accumulated Depreciation			Balance 12/31/2015	Net Book Value
	Balance 1/1/2015	Additions	Deletions		
Buildings	\$ 3,744,787	318,364	-	4,063,151	2,414,823
Equipment - Portable	191,633	17,797	-	209,430	60,771
Vehicles	19,114	21,017	-	40,131	50,447
Furniture	54,721	2,076	-	56,797	23,664
Miscellaneous Fixed Assets	363,672	31,658	-	395,330	24,201
<b>Totals</b>	<b>\$ 4,373,927</b>	<b>390,912</b>	<b>0</b>	<b>4,764,839</b>	<b>2,573,906</b>

**Schedule of Additions to Buildings Account (1420)**

<u>Description</u>	<u>Amount</u>
Automatic Door (Side Door)	\$ 2,078
Parking Lot Paving	5,500
Dish Machine	6,091
Water Heater	2,393
2 ½ Ton Air Handler	2,700
Condenser Unit-A/C	1,372
<b>Total</b>	<b>\$ 20,134</b>

(Continued)

**IVY HALL NURSING HOME, INC.**  
**HUD PROJECT #087-43051**  
**HUD PROJECT #087-10006**  
**SUPPLEMENTARY DATA REQUIRED BY HUD**  
**For the Year Ended December 31, 2015**

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**Schedule of Changes in Fixed Assets (Continued)**

Schedule of Additions to Furniture Account (1450)

<u>Description</u>	<u>Amount</u>
Bariatric Electric Bed	\$ 3,197
Total	<u>\$ 3,197</u>

Schedule of Additions to Miscellaneous Fixed Assets Account (1490)

<u>Description</u>	<u>Amount</u>
Computer-Marketing	\$ 1,238
PTAC's-9000 BTU (3)	2,710
Fiber Optic DVR's (3)	8,064
Broda Pedal Chair	1,899
Wheelchair	1,589
McAfee Anti-virus/Anti-spy	2,004
Server-PowerEdge R220	2,463
M280 Laptops (3)	3,857
Digital Chair Scale	2,268
NTT Data Software	4,826
Mattress	1,108
Total	<u>\$ 32,026</u>

See Independent Auditors' Report.

**IVY HALL NURSING HOME, INC.**  
**HUD PROJECT #087-43051**  
**HUD PROJECT #087-10006**  
**SUPPLEMENTARY DATA REQUIRED BY HUD**  
**For the Year Ended December 31, 2015**

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**Schedule of 5300 Accounts - Revenue**

<u>Description</u>	<u>Amount</u>
Private-Pay Room and Board	\$ 951,805
Private-Pay Ancillary	97,238
Private-Pay Contractual Adjustments	(422,937)
Medicaid Room and Board	4,778,435
Medicaid Contractual Adjustments	(191,830)
Medicare Room and Board	767,070
Medicare Ancillary	229,420
Medicare Contractual Adjustments	(1,002,263)
Other Public Room and Board	411,981
Other Public Contractual Adjustments	(83,728)
Hospice	186,675
Rehabilitation	2,305,863
Total	<u>\$ 8,027,729</u>

See Independent Auditors' Report.

**IVY HALL NURSING HOME, INC.**  
**HUD PROJECT #087-43051**  
**HUD PROJECT #087-10006**  
**SUPPLEMENTARY DATA REQUIRED BY HUD**  
**For the Year Ended December 31, 2015**

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**Schedule of 6900 Accounts**

<u>Description</u>	<u>Amount</u>
Dietary Salaries	\$ 210,938
Dietary Purchased Services	13,560
Food	208,916
Dietary Supplies	14,489
Registered Nurses Payroll	254,869
Licensed Practical Nurses Payroll	604,393
Other Nursing Salaries	1,027,192
Director of Nursing Salaries	175,192
Nursing Purchase Service	80,117
Housekeeping Salaries	156,766
Housekeeping Supplies	34,573
Other Housekeeping	1,650
Housekeeping Purchased Services	1,085
Drugs and Pharmaceuticals	207,032
Medical Salaries	37,500
Other Medical	56,687
Medical Purchased Services	2,457
Medical Supplies	232,891
Laundry Salaries	51,535
Laundry, Linen, Bedding, Disposables, Purchased Services	8,828
Laundry Supplies	7,421
Medical Records Salaries	43,659
Medical Records Supplies	3,681
Recreation and Rehabilitation	172,489
Activities Supplies	2,629
Rehabilitation Supplies	8,159
Rehabilitation Purchased Services	577,242
Other Service Expenses	4,617
Total	<u>\$ 4,200,567</u>

See Independent Auditors' Report.



**IVY HALL NURSING HOME, INC.**  
**HUD PROJECT #087-43051**  
**HUD PROJECT #087-10006**  
**SUPPLEMENTARY DATA REQUIRED BY HUD**  
**For the Year Ended December 31, 2015**

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**Nursing Home Supplemental Data**

Total Licensed Beds	100
Capacity	36,500
Medicare Pay Patient Days	3,862
Medicare Pay Patient Days Percentage	11%
Medicaid Patient Days	22,724
Medicaid Patient Days Percentage	67%
Private Pay Patient Days	5,373
Private Pay Patient Days Percentage	16%
VA Patient Days	604
VA Patient Days Percentage	2%
Other Pay Patients Days	1,414
Other Pay Patient Days Percentage	4%
Actual Patient Days	33,977
Utilization	93%

See Independent Auditors' Report.

**IVY HALL NURSING HOME, INC.**  
**HUD PROJECT #087-43051**  
**HUD PROJECT #087-10006**  
**SUPPLEMENTARY DATA REQUIRED BY HUD**  
**For the Year Ended December 31, 2015**

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**Detail of Accounts**

<u>Description</u>	<u>Amount</u>
Miscellaneous Revenue (5990)	
Beauty and Barber	\$ 10,196
Cable TV and Phone	6,873
Employee and Guest Meals	5,102
Miscellaneous	63
Gift Income	320
Other - Insurance Proceeds	1,000
Deferred State Income Tax Provision	188
Bad Debt Recovery	7,597
Total	<u>\$ 31,339</u>
Miscellaneous Administrative Expenses (6390)	
Bank Charges	\$ 1,603
Beauty and Barber Shop	12,814
Benefits Administration	71,111
Billing and Collections	99,560
Customer Relations	7,055
Donations	500
Dues and Subscriptions	44,007
Education	1,071
Employee Paid Time Off	187,283
Employee Relations	16,939
Employee Expense	280
Bad Debt	1,230
Meals Related to Travel	173
Other Administrative	604
Patient Flower Expense	1,527
Purchased Services	55,384
Risk Management	40,668
Travel	1,491
Vehicle	11,841
Total	<u>\$ 555,141</u>

(Continued)

**IVY HALL NURSING HOME, INC.**  
**HUD PROJECT #087-43051**  
**HUD PROJECT #087-10006**  
**SUPPLEMENTARY DATA REQUIRED BY HUD**  
**For the Year Ended December 31, 2015**

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**Detail of Accounts (Continued)**

<u>Description</u>	<u>Amount</u>
Miscellaneous Operating and Maintenance Expenses (6590)	
Furniture and Equipment Replacement	\$ 39,970
Storage Rental Space	4,473
Total	<u>\$ 44,443</u>
 Miscellaneous Taxes, Licenses, Permits and Insurance (6790)	
Miscellaneous Taxes	\$ 5,498
Franchise and Excise Tax	8,004
Sales and Use Tax	3,191
State Licensure Fee	407,156
Licenses	1,700
Total	<u>\$ 425,549</u>
 Miscellaneous Financial Expenses (6890)	
Late Charges and Penalties	\$ 705
Interest - Other	1,067
Total	<u>\$ 1,772</u>

See Independent Auditors' Report.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Ivy Hall Nursing Home, Inc.  
301 Watauga Avenue  
Elizabethton, Tennessee 37643

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ivy Hall Nursing Home, Inc. (the "Company"), HUD Projects #087-43051 and #087-10006, which comprise the balance sheet as of December 31, 2015, and the related statements of profit and loss and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 23, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Company's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of Company's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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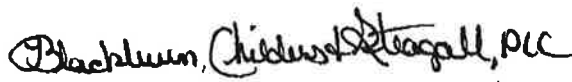
Ivy Hall Nursing Home, Inc.  
Independent Auditors' Report on Internal  
Control and Compliance

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Company's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Company's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
BLACKBURN, CHILDERS & STEAGALL, PLC  
Johnson City, Tennessee

March 23, 2016

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR HUD PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE CONSOLIDATED AUDIT GUIDE FOR  
AUDITS OF HUD PROGRAMS**

To the Board of Directors  
Ivy Hall Nursing Home, Inc.  
301 Watauga Avenue  
Elizabethton, Tennessee 37643

**Report on Compliance for Each Major HUD-Assisted Program**

We have audited Ivy Hall Nursing Home, Inc.'s (the "Company"), HUD Projects #087-43051 and #087-10006, compliance with the compliance requirements described in the *Consolidated Audit Guide for Audits of HUD Programs* (the "Guide") that could have a direct and material effect on each of the Company's major U.S. Department of Housing and Urban Development (HUD) assisted programs for the year ended December 31, 2015. The Company's major HUD-assisted programs and the related direct and material compliance requirements are as follows:

<u>Name of Major HUD-Assisted Programs</u>	<u>Direct and Material Compliance Requirements</u>
HUD Project #087-43051	Federal Financial Reports
and	Fair Housing and Non-Discrimination
HUD Project #087-43051	Mortgage Status
	Replacement Reserve
	Distribution to Owners
	Equity Skimming
	Cash Receipts
	Cash Disbursements
	Management Functions
	Unauthorized Change of Ownership/Acquisition
	of Liabilities
	Unauthorized Loans of Project Funds

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants to its HUD-assisted programs.

Ivy Hall Nursing Home, Inc.  
Independent Auditors' Report on Compliance  
and Internal Control over Compliance

***Auditors' Responsibility***

Our responsibility is to express an opinion on the compliance of each of the Company's major HUD-assisted programs based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major HUD-assisted program occurred. An audit includes examining, on a test basis, evidence about the Company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major HUD Assisted program. However, our audit does not provide a legal determination of the Company's compliance.

***Opinion on Each Major HUD Assisted Program***

In our opinion, Ivy Hall Nursing Home, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on major HUD-assisted programs for the year ended December 31, 2015.

***Other Matters***

We noted certain matters that we are required to report to management of the Company in a separate written communication. These matters are described in our management letter dated March 23, 2016.

***Report on Internal Control over Compliance***

Management of the Company is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Company's internal control over compliance with the requirements that could have a direct and material effect on each major HUD-assisted program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major HUD-assisted program and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control over compliance.

Ivy Hall Nursing Home, Inc.  
Independent Auditors' Report on Compliance  
and Internal Control over Compliance

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a compliance requirement of a HUD-assisted program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a compliance requirement of a HUD-assisted program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a compliance requirement of a HUD-assisted program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

  
BLACKBURN, CHILDERS & STEAGALL, PLC  
Johnson City, Tennessee

March 23, 2016



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
SPECIFIC REQUIREMENTS APPLICABLE TO FAIR HOUSING  
AND NON-DISCRIMINATION**

To the Board of Directors  
Ivy Hall Nursing Home, Inc.  
301 Watauga Avenue  
Elizabethton, Tennessee 37643

We have applied procedures to test Ivy Hall Nursing Home, Inc.'s, (the "Company"), HUD Projects #087-43051 and #087-10006, compliance with the Fair Housing and Non-Discrimination requirements applicable to its HUD-assisted programs for the year ended December 31, 2015.

Our procedures were limited to the applicable compliance requirement described by the *Consolidated Audit Guide for Audits of HUD Programs* (the "Guide") issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Company's compliance with the Fair Housing and Non-Discrimination requirements. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under the Guide.

The purpose of this report on compliance is solely to describe the scope of our testing of compliance with specific requirements and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

  
BLACKBURN, CHILDERS & STEAGALL, PLC  
Johnson City, Tennessee

March 23, 2016

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# IVY HALL NURSING HOME

301 WATAUGA AVENUE

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ELIZABETHTON, TN 37643

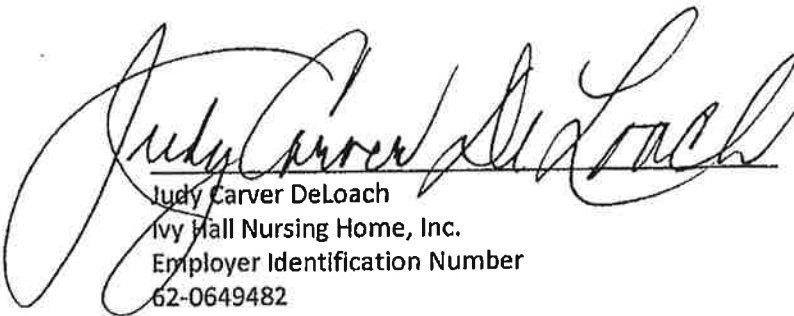
**IVY HALL NURSING HOME, INC.**

**HUD PROJECT #087-43051**

**HUD PROJECT #087-10006**

## **CERTIFICATION OF PROJECT OWNER**

I hereby certify that I have examined the accompanying financial statements and supplementary information of Ivy Hall Nursing Home, Inc., HUD Projects #087-43051 and #087-10006, and to the best of my knowledge and belief, the same are complete and accurate.



Judy Carver DeLoach  
Ivy Hall Nursing Home, Inc.  
Employer Identification Number  
62-0649482

March 23, 2016

Date



# IVY HALL NURSING HOME

301 WATAUGA AVENUE

PHONE 542-6512

ELIZABETHTON, TN 37643

**IVY HALL NURSING HOME, INC.  
HUD PROJECT #087-43051  
HUD PROJECT #087-10006**

## MANAGEMENT AGENT'S CERTIFICATION

I hereby certify that I have examined the accompanying financial statements and supplementary information of Ivy Hall Nursing Home, Inc., HUD Projects #087-43051 and #087-10006, and to the best of my knowledge and belief, the same are complete and accurate.

Anita B. West, Director of Control and Finance  
Care Centers Management Consulting, Inc.

March 23, 2016

Date

# **IVY HALL NURSING HOME CONTRACT NOTEBOOK**

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---

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---

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Alcom Computer Services (BA Agreement for IT Consultant)  
Allscripts (Software Agreement)  
Amerinet (Verizon Group Participation Purchasing Agreement)  
Ancillary and Inventory Management Services, Inc. (Billing and Collection for DME)  
At Work Medical Services

#### **B**

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Bremer, Jonathan, MD (Medical Director)  
Bristol Regional Medical Center (Patient Transfer)

#### **C**

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Care Centers Management (Management Consulting Company)  
Caris Healthcare, L.P.  
Carter County Emergency & Rescue Squad, Inc. (Patient Transport)  
Certified Generator Service (Generator Maintenance)  
Charter Business Internet, Video, Music, Phones  
Cintas  
Crandall Corporate Dieticians (Dietary Consulting Agreement)

#### **D**

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DART CHART SYSTEMS, LLC "DCS"  
DME Tennessee, LLC (Bipap rentals)

#### **E**

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East Tennessee Fire Alarm, Inc. (Alarm Service)

## **F**

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First Tennessee Human Resource Agency (Transport)  
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Fresenius Health Care of Elizabethton (Bio-Medical Applications of TN d/b/a)  
Functional Pathways of Tennessee, LLC (Therapy)

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Gordon Food Services, Inc. (Menu and emergency food)  
Green/Tasker and Associates, LLC (Psychiatric Serv. Agreement)

## **H**

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Happy Valley High School Nursing Education-Clinical Affiliation  
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## **I**

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## **J**

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Johnson City Medical Center (Patient Transfer Agr.)

## **K**

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## **L**

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## **M**

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Marquis Mobile Dental Services, LLC  
Medical Waste of America-MWA (Disposal of Medical Waste)  
Medline Industries Incorporated (Software)  
Mobile Images Acquisitions (mobile x-rays, ultrasound, holster monitor, etc.)  
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## **MC**

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McClain's Pest Control, Inc.

## **N**

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National Rehab (Wound Care)  
Navigator Group Purchasing, Inc. (Dietary Food)

## **O**

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OTIS Elevator Company (Maintenance)

## **P**

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Pharmacy Network Solutions, Inc. (Consultant and Services) PNS  
Pitney Bowers (Postage)  
Prairie Farms (Emergency Water)  
Premier Hood & Duct  
Princeton Transitional Care  
Printworks  
Pumphreys, Zach, OD

## **Q**

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Quillen Rehabilitation Hospital  
QSource

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Reliable Medical Supply Company  
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Revenue Recovery Corporation (Debt Collection Agreement)

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Stericycle, Inc. (Medical Waste Disposal Services)  
Stevens, Becky (Cosmetologist)  
Sycamore Shoals Hospital (Patient Transfer)  
Synergy Laboratory

## **T**

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Tennessee Technical Center @ Elizabethton  
The Compliance Team, Inc.  
The Joint Commission  
Thermocopy

## **U**

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## **V**

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Valley Forge Freewill Baptist Church (Emergency Shelter)  
Veterans Affairs (Patient Transfer)  
Volunteer Oil Company, Inc. (Emergency Fuel)

## **W**

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Woodbridge Psychiatric Hospital (Mountain States Health Alliance)

## **XYZ**

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# Board for Licensing Health Care Facilities



State of Tennessee

License No. 0000000025

No. Beds 0100

## DEPARTMENT OF HEALTH

*This is to certify, that a license is hereby granted by the State Department of Health to*

*IVY HALL, INC. to conduct*

*and maintain a Nursing Home IVY HALL NURSING HOME*

*Located at 301 S WATAUGA AVE., ELIZABETHTON*

*County of CARTER, Tennessee.*

*This license shall expire MAY 16, 2017 and is subject*

*to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the laws of the State of Tennessee or the rules and regulations of the State Department of Health issued thereunder.*

*In Witness Whereof, we have hereunto set our hand and seal of the State*

*this 20TH day of APRIL, 2016.*



*By [Signature] J. Davis, MPH*  
DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

*By [Signature] J. Davis, MPH*  
COMMISSIONER



Ivy Hall Nursing Home, Inc.  
Elizabethton, TN

has been Accredited by



The Joint Commission

Which has surveyed this organization and found it to meet the requirements for the  
Nursing Care Center Accreditation Program

April 11, 2016

Accreditation is customarily valid for up to 36 months.

  
Robert K. Patchin, MD  
Chair, Board of Commissioners

ID #431502  
Print/Regist Date 04/12/2016

  
Mark R. Chassin, MD, FACP, MFT, MPH  
President

**TN**Department of  
**Health**

July 25, 2016

Ms. Judy DeLoach, Administrator  
Ivy Hall Nursing Home  
301 S. Watauga Avenue  
Elizabethton TN 37643-3546

Re: 44-5469

Dear Ms. DeLoach:

The East Tennessee Regional Office of Health Care Facilities conducted a Health and Life Safety recertification survey/complaint investigation on May 23 - 25, 2016. An on-site revisit and desk review of the facilities plan of correction for the deficiencies cited as a result of the survey was conducted on July 19, 2016. Based on the on-site revisit, we are accepting your plan of correction and your facility is in compliance with all participation requirements as of July 8, 2016.

If you have any questions concerning this letter, please contact our office at (865) 594-9396.

Sincerely,



Tamra Turberville, R.N.  
Regional Administrator  
ETRO Health Care Facilities

TT: afl

---

Division of Health Licensure and Regulation • 7175 Strawberry Plains Pike • Suite 103 •  
Knoxville, TN 37914 • Tel; 865-594-9396 • Fax; 865-594-5739 • [tn.gov/health](http://tn.gov/health)



# IVY HALL NURSING HOME

301 WATAUGA AVENUE

PHONE 542-6512

ELIZABETHTON, TN 37643

June 7, 2016

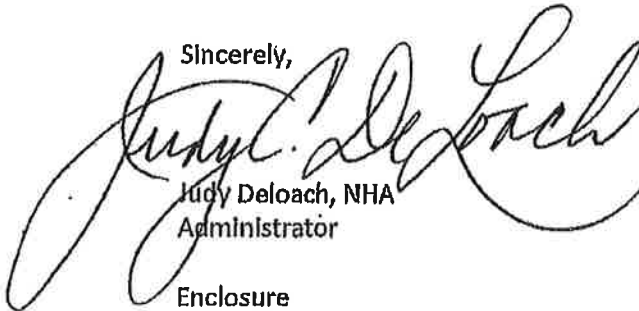
Ms. Tamra Turberville, R.N.  
Regional Administrator  
Department of Health  
Office of Health Licensure and Regulation  
East Tennessee Region  
7175 Strawberry Plains Pike, Suite 103  
Knoxville, TN 37914

Dear Ms. Turberville,

Enclosed is our plan of correction for the Health and Life Safety Code recertification survey dated May 23 - 25, 2016. We sincerely appreciate the professionalism your staff displayed while performing the survey process.

If you have any questions or need additional information, please feel free to contact me at the numbers listed above.

Sincerely,



Judy DeLoach, NHA  
Administrator

Enclosure

sed

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 06/31/2016  
FORM APPROVED  
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445489	(X2) MULTIPLE CONSTRUCTION A. BUILDING  B. WING _____	(X3) DATE SURVEY COMPLETED:  05/25/2016
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NAME OF PROVIDER OR SUPPLIER  IVY HALL NURSING HOME	STREET ADDRESS, CITY, STATE, ZIP CODE 301 WATAUGA /WB ELIZABETHTON, TN 37843
---	--

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS- REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 000	<p>INITIAL COMMENTS</p> <p>During the annual recertification and complaint investigation (#38262) survey conducted on 5/23/16 - 5/25/16, at Ivy Hall Nursing Home, no deficiencies were cited in relation to the complaint under 42 CFR Part 483, Requirements for long Term Care.</p>	F 000	<p>Preparation and/or execution of this Plan of Correction does not constitute an admission or agreement by Ivy Hall Nursing Home of the truth of the facts alleged or conclusions set forth in the statement of deficiencies. Ivy Hall Nursing Home files this Plan of Correction solely because it is required to do so for continued state licensure as a health care provider and/or for participation in the Medicare/Medicaid program. The facility does not admit that any deficiency existed prior to, at the time of, or after the survey. The facility reserves all rights to contest the survey findings through informal dispute resolution, formal appeal and any other applicable legal or administrative proceedings. This Plan of Correction should not be taken as establishing any standard of care, and the facility submits that the actions taken by or in response to the survey findings far exceed the standard of care. This document is not intended to waive any defense, legal or equitable, in administrative, civil or criminal proceedings.</p>	

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

*Andy C. DeLoach* ADMINISTRATOR 6-7-16

Any deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See Instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 06/31/2016  
FORM APPROVED  
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445469	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____  B. WING _____	(X3) DATE SURVEY COMPLETED:  05/25/2016
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NAME OF PROVIDER OR SUPPLIER  IVY HALL NURSING HOME	STREET ADDRESS, CITY, STATE, ZIP CODE 301 WATAUGA /WB ELIZABETHTON, TN 37643
---	--

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS- REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 278 SS=D	<p>483.20(g)- (j) ASSESSMENT ACCURACY/COORDINATION/CERTIFIED</p> <p>The assessment must accurately reflect the resident's status.</p> <p>A registered nurse must conduct or coordinate each assessment with the appropriate participation of health professionals.</p> <p>A registered nurse must sign and certify that the assessment is completed.</p> <p>Each individual who completes a portion of the assessment must sign and certify the accuracy of that portion of the assessment.</p> <p>Under Medicare and Medicaid, an individual who willfully and knowingly certifies a material and false statement in a resident assessment is subject to a civil money penalty of not more than \$1,000 for each assessment; or an individual who willfully and knowingly causes another individual to certify a material and false statement in a resident assessment is subject to a civil money penalty of not more than \$5,000 for each assessment.</p> <p>Clinical disagreement does not constitute a material and false statement.</p>	F 278	<p><u>Corrective Actions for Targeted Residents</u></p> <p>Resident #51's Minimum Data Set was revised by the MDS Coordinator on 5/24/16 to reflect Resident #51's accurate dental status as being edentulous. Resident #51 has shown no negative effects from this practice. The MDS Nurses were counseled by the Assistant Administrator on 5/26/16 regarding the need to code facility residents' oral/dental status accurately on the MDS by conducting a thorough oral examination of facility residents during their MDS Assessment period, per the Resident Assessment Instrument Guidelines.</p> <p><u>Identification of Other Residents with Potential to be Affected</u></p> <p>Facility Residents have the potential to be affected by this practice. Beginning 6/6/16, the MDS Coordinator and MDS Assessment Nurse will re-assess oral/dental status of facility residents to ensure each residents' MDS reflects the residents' accurate dental status. These oral/dental assessments will be completed by 6/10/16 by the MDS Coordinator and Assessment Nurse. Any discrepancies noted on residents' MDS from the results of these dental/oral assessments, will be revised by the MDS Nurses to reflect facility residents' accurate oral/dental status.</p>	

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

Any deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 60 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 05/31/2016  
FORM APPROVED  
OMB NO 0938-0391

STATEMENT OF DEFICIENCIES  
AND PLAN OF CORRECTION

(X1) PROVIDER/SUPPLIER/CLIA  
IDENTIFICATION NUMBER:

446469

(X2) MULTIPLE CONSTRUCTION  
A. BUILDING \_\_\_\_\_

B. WING \_\_\_\_\_

(X3) DATE SURVEY  
COMPLETED

05/25/2016

NAME OF PROVIDER OR SUPPLIER

IVY HALL NURSING HOME

STREET ADDRESS, CITY, STATE, ZIP CODE

301 WATAUGA AVE  
ELIZABETHTON, IN 37643

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 278	<p>Continued</p> <p>This REQUIREMENT is not met as evidenced by: Based on medical record review, observation, and interview the facility failed to accurately assess dental status for 1 Resident (#51) of 2 residents reviewed for dental status of 23 residents reviewed.</p> <p>The findings included:</p> <p>Medical record review revealed Resident #51 was admitted to the facility on 11/21/15 with diagnoses including Pneumonia, Type 2 Diabetes Mellitus, Gastro Esophageal Reflux Disease, Dysphagia, Major Depressive Disorder, Delusional Disorders, Vascular Dementia, and Unspecified Psychosis.</p> <p>Medical record review of the Minimum Data Set (MDS) Admission Assessment dated 11/28/15 revealed Resident #51's oral/dental status was assessed as "...No natural teeth or tooth fragment(s) (edentulous)...none of the above were present..." [box checked]..."</p> <p>Observation of Resident #51 on 5/24/16 at 9:21 AM, in the resident's room revealed the resident was edentulous.</p> <p>Interview with the resident on 5/24/16 at 9:21 AM, in the resident's room revealed the resident had no natural teeth.</p> <p>Interview with MDS Coordinator on 05/24/16 at 3:00 PM, in the MDS office confirmed Resident #51 was edentulous and the MDS Admission Assessment for oral/dental status for Resident #51 was inaccurate.</p>	F 278	<p><u>Systematic Changes</u></p> <p>MDS Coordinator and MDS Assessment Nurse will conduct a thorough oral/dental assessment during each facility resident's MDS Assessment Period to ensure the MDS is coded accurately for oral/dental status. Newly-hired MDS Nurses will be educated during their orientation period by the MDS Assessment Nurse regarding the importance to accurately code facility residents' oral/dental status on the MDS by conducting a thorough oral examination of facility residents during their MDS Assessment period.</p> <p><u>Monitoring</u></p> <p>A monthly audit of 10% of facility residents' MDSs will be conducted by the MDS Nurses, reviewing one another's documentation, to ensure accuracy in coding of facility residents' oral/dental status; comparing results of oral examinations with coding for this section of the MDS. The results of this audit will be presented to the monthly Quality Assurance Performance Improvement Committee for review and recommendations until desired threshold of 100% compliance is met for 3 consecutive months; then quarterly.</p> <p>Continue</p>	

FORM CMS-2567(02-99) Previous Versions Obsolete

EVML 10:M7N011

Fidility ID:TN10D3

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 06/31/2016  
FORM APPROVED  
OMB NO 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  446469	(X2) MULTIPLE CONSTRUCTION A. BUILDING _____  B. WING _____	(X3) DATE SURVEY COMPLETED  05/25/2016
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NAME OF PROVIDER OR SUPPLIER  
IVY HALL NURSING HOME

STREET ADDRESS, CITY, STATE, ZIP CODE  
301 WATAUGA AVE  
ELIZABETHTON, IN 37643

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
F 278	Continued	F 278	<p><u>Monitoring (Continued)</u></p> <p>The Quality Assurance Performance Improvement (QAPI) Committee consists of the Executive Director, Medical Director, Director of Nursing, Asst. Director of Nursing, Dietary Manager, Housekeeping Supervisor, Medical Records Coordinator, Social Services Director, Activities Director, Business Office Manager, Human Resources Manager, Maintenance Director and Rehab Manager and MDS Coordinator.</p>	6/10/16

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  TNF003	(X2) MULTIPLE CONSTRUCTION A. BUILDING: _____  B. WING: _____	(X3) DATE SURVEY COMPLETED  05/25/2016
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NAME OF PROVIDER OR SUPPLIER

STREET ADDRESS, CITY, STATE, ZIP CODE

IVY HALL NURSING HOME

301 WATAUGA AVE  
ELIZABETHTON, TN 37643

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR ISG IDENTIFYING INFORMATION)	10 PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS- REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) DATE COMPLETED
N 000	Initial Comments  During the annual Licensure survey and complaint investigation (#38282) survey conducted on 5/23/16 - 5/25/16, at Ivy Hall Nursing Home, no deficiencies were cited under Chapter 1200-6-6, Standards for Nursing Homes.	N000		

Division of Health Care Facilities

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

DATE FORM

M7N011



DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 05/26/2016  
FORM APPROVED  
OMB NO 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445469	(X2) MULTIPLE CONSTRUCTION A. BUILDING: 01 - MAIN BUILDING A  B. WING: .	(X3) DATE SURVEY COMPLETED  05/25/2016
NAME OF PROVIDER OR SUPPLIER  IVY HALL NURSING HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 301 WATAUGA AVE ELIZABETHTON, TN 37643	
(X4) ID PREFIX TAG:	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 021 SS E	<p><b>NFPA 101 LIFE SAFETY CODE STANDARD</b></p> <p>Doors in an exit passageway, stairway enclosure, horizontal exit, smoke barrier or hazardous area enclosure are self-closing and kept in the closed position, unless held open by an approved device complying with 7.2.1.6.2 that automatically closes all such doors throughout the smoke compartment or entire facility upon activation of:</p> <p>(a) The required manual fire alarm system and</p> <p>(b) Local smoke detectors designed to detect smoke passing through the opening or a required smoke detection system and</p> <p>(c) The automatic sprinkler system, if installed</p> <p>18.2.2.2.6, 18.3.1.2, 19.2.2.2.6, 19.3.1.2, 7.2.1.8.2</p> <p>Door assemblies in vertical openings are of an approved type with appropriate fire protection rating. 8.2.3.2.3.1</p> <p>Boiler rooms, heater rooms, and mechanical equipment rooms doors are kept closed. This STANDARD is not met as evidenced by: Based on observation, the facility failed to provide labeled fire doors in the stairwells.</p> <p>The findings include:</p> <p>Observation on 5/25/16 at 10:15 AM and 10:45 AM revealed doors on the 3rd floor and 1st floor protecting the center stairwell are not labeled fire doors.</p> <p>These findings were verified by the maintenance director and acknowledged by the administrator during the exit conference on 5/25/16.</p>	K021	<p><u>Corrective Actions for Targeted Residents</u></p> <p>On 5-26-16, the Maintenance Director contacted Trimble door to replace the 3<sup>rd</sup> floor and 1<sup>st</sup> floor center stairwell doors to a labeled fire door. The installation will be complete by 7-8-16.</p> <p><u>Identification of Other Residents with Potential to be Affected</u></p> <p>On 5-26-16, the Maintenance Director inspected facility fire doors and found no other areas affected.</p> <p><u>Systematic Changes</u></p> <p>Measures to assure compliance include a quarterly audit of fire doors by the Maintenance Director to ensure that they have proper labeling and that labels have not been painted over.</p> <p><u>Monitoring</u></p> <p>Results of these audits will be reported quarterly by the Maintenance Director to the Quality Assurance Performance Improvement Committee for Review and Recommendations. The Assistant Administrator and Maintenance Director will follow up on recommendations from the QAPI Committee to assure compliance.</p> <p>Continue</p>	

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER/CLIA REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

Any deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date the documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 05/26/2016  
FORM APPROVED  
OMB NO 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445469	(X2) MULTIPLE CONSTRUCTION A. BUILDING: 01 - MAIN BUILDING A  B. WING: .	(X3) DATE SURVEY COMPLETED  05/25/2016
NAME OF PROVIDER OR SUPPLIER  IVY HALL NURSING HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 301 WATAUGA AVE ELIZABETHTON, TN 37643	
(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 021 SS E	Continued	K021	<u>Monitoring (Continued)</u>  The Quality Assurance Performance Improvement (QAPI) Committee consists of the Executive Director, Medical Director, Director of Nursing, Asst. Director of Nursing, Dietary Manager, Housekeeping Supervisor, Medical Records Coordinator, Social Services Director, Activities Director, Business Office Manager, Human Resources Manager, Maintenance Director and Rehab Manager and MDS Coordinator.	7/8/16

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER/REPRESENTATIVE'S SIGNATURE

TITLE

(X6) DATE

*[Signature]*

ADMINISTRATOR

6-7-16

Any deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patient. (See Instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date the documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 05/26/2016  
FORM APPROVED  
OMB NO 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445489	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01-MAIN BUILDING A  B-WING	(X3) DATE SURVEY COMPLETED  05/25/2016
NAME OF PROVIDER OR SUPPLIER  IVY HALL NURSING HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 301 WATAUGA AVE ELIZABETHTON, TN 37643	
(X4) 10 PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 029 SS=D	<p><b>NFPA 101 LIFE SAFETY CODE STANDARD</b></p> <p>One hour fire rated construction (with 0 hour fire-rated doors) or an approved automatic fire extinguishing system in accordance with 8.4.1 and/or 19.3.5.4 protects hazardous areas. When the approved automatic fire extinguishing system option is used, the areas are separated from other spaces by smoke resisting partitions and doors. Doors are self-closing and non-rated or field-applied protective plates that do not exceed 48 inches from the bottom of the door are permitted. 19.3.2.1</p> <p>This STANDARD is not met as evidenced by: Based on observation, the facility failed to have walls to hazardous rooms resist the passage of smoke.</p> <p>The findings include:</p> <p>Observation on 5/25/16 at 11:07 AM and 1:22 PM revealed a louvered opening in the walls of the storage room in the therapy's department office and the housekeeping closet in the "A" Buildings staff lounge.</p> <p>These findings were verified by the maintenance director and acknowledged by the administrator during the exit conference on 5/25/16.</p>	K 029	<p><u>Corrective Actions for Targeted Residents</u></p> <p>On 6-10-16, Allied Metals sealed the louvered openings to resist the passage of smoke, located in the walls of the storage room in therapy's office and housekeeping's closet in "A" building staff lounge.</p> <p><u>Identification of Other Residents with Potential to be Affected</u></p> <p>On 5-31-16, the Maintenance Director inspected the facility hazardous storage rooms for openings that would not resist the passage of smoke and did not find any areas affected.</p> <p><u>Systematic Changes</u></p> <p>Measures to assure compliance include a quarterly audit of hazardous storage rooms by the Maintenance Director to ensure that walls would resist the passage of smoke.</p> <p><u>Monitoring</u></p> <p>Results of these audits will be reported quarterly by the Maintenance Director to the Quality Assurance Performance Improvement Committee for Review and Recommendations.</p> <p>Continue</p>	

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 05/26/2016  
FORM APPROVED  
OMB NO 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445469	(X2) MULTIPLE CONSTRUCTION A. BUILDING 01-MAIN BUILDING A  B-WING		(X3) DATE SURVEY COMPLETED  05/25/2016
NAME OF PROVIDER OR SUPPLIER  IVY HALL NURSING HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 301 WATAUAA AVE ELIZABETHTON, TN 37643		
(X4) 10 PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)		(X5) COMPLETION DATE
K 029 SS=D	Continued	K 029	<u>Monitoring (Continued)</u>  The Assistant Administrator and Maintenance Director will follow up on recommendations from the QAPI Committee to assure compliance. The Quality Assurance Performance Improvement (QAPI) Committee consists of the Executive Director, Medical Director, Director of Nursing, Asst. Director of Nursing, Dietary Manager, Housekeeping Supervisor, Medical Records Coordinator, Social Services Director, Activities Director, Business Office Manager, Human Resources Manager, Maintenance Director and Rehab Manager and MDS Coordinator.		7/8/16

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 05/26/2016  
FORM APPROVED  
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION		(1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  446469	(2) MULTIPLE CONSTRUCTION A. BUIWING 03 - 1994 ADDITION  B. WING ____	(3) DATE SURVEY COMPLETED  05/25/2016
NAME OF PROVIDER OR SUPPLIER  IVY HALL NURSING HOME			STREET ADDRESS, CITY, STATE, ZIP CODE 301 WATAUGA AVE ELIZABETHTON, TN 37643	
(4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY)	(5) COMPLETION DATE
K 130 SS O	<p>NFPA 101 MISCELLANEOUS</p> <p>OTHER LSC DEFICIENCY NOT ON 2786 This STANDARD is not met as evidenced by: Based on observation, the facility failed to maintain fire rated doors.</p> <p>The findings include:</p> <p>Observation on 5/25/16 at 1:04 PM revealed the cross corridor fire doors by room 407, the lower latch was not working and protruding into the floor strike.</p> <p>This finding was verified by the maintenance director and acknowledged by the administrator during the exit conference.</p> <p>NFPA 101 7.6.6.4.1.4 - NFPA 80 2-4.1.4 + 2-5.2</p>	K 130	<p><u>Corrective Actions for Targeted Residents</u></p> <p>On 5-26-16, the Maintenance Director contacted Trimble Door Company to repair the latch of the cross corridor fire doors by room 407. Trimble will install a UL rated fire stop pin to secure the lower portion of the door during a fire. The repair will be completed by 7-8-16.</p> <p><u>Identification of Other Residents with Potential to be Affected</u></p> <p>On 5-26-16, the Maintenance Director inspected facility cross corridor fire doors latches for the proper operation and found they were working as designed.</p> <p><u>Systematic Changes</u></p> <p>Measures to assure compliance include a quarterly audit of cross corridor fire doors by the Maintenance Director to ensure that latching hardware is operating correctly and compliance with NFPA 101 and NFPA 80.</p>	

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

Title

DATE

Any deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that safeguards provide sufficient protection to the patients. (See Instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

DEPARTMENT OF HEALTH AND HUMAN SERVICES  
CENTERS FOR MEDICARE & MEDICAID SERVICES

PRINTED: 05/26/2016  
FORM APPROVED  
OMB NO. 0938-0391

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  445469	(2) MULTIPLE CONSTRUCTION A. BUIWING 03 - 1994 ADDITION  B. WING ____	(3) DATA SURVEY COMPLETED  05/26/2016
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NAME OF PROVIDER OR SUPPLIER  IVY HALL NURSING HOME	STREET ADDRESS, CITY, STATE, ZIP CODE 301 WATAUGA AVE ELIZABETHTON, TN 37643
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(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	ID PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS- REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X5) COMPLETION DATE
K 130 SS=D	Continued	K 130	<p><u>Monitoring</u></p> <p>Results of these audits will be reported quarterly by the Maintenance Director to the Quality Assurance Performance Improvement Committee for Review and Recommendations. The Assistant Administrator and Maintenance Director will follow up on recommendations from the QAPI Committee to assure compliance. The Quality Assurance Performance Improvement (QAPI) Committee consists of the Executive Director, Medical Director, Director of Nursing, Asst. Director of Nursing, Dietary Manager, Housekeeping Supervisor, Medical Records Coordinator, Social Services Director, Activities Director, Business Office Manager, Human Resources Manager, Maintenance Director and Rehab Manager and MDS Coordinator.</p>	7/8/16

LABORATORY DIRECTORS OR PROVIDER/SUPPLIER REPRESENTATIVES SIGNATURE

Title

DATE

*[Signature]*

ADMINISTRATOR

6-7-16

Any deficiency statement ending with an asterisk (\*) denotes a deficiency which the institution may be excused from correcting providing it is determined that all safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

Division of Health Care Facilities

STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION	(X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER:  TN1003	(X2) MULTIPLE CONSTRUCTION A. BUILDING: 01 - MAIN BUILDING A  B. WING:	(X3) DATE SURVEY COMPLETED  05/25/2016
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NAME OF PROVIDER OR SUPPLIER

STREET ADDRESS, CITY, STATE, ZIP CODE

IVY HALL NURSING HOME

301 WATAUGA AVE  
ELIZABETHTON, TN 37643

(X4) ID PREFIX TAG	SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION)	10 PREFIX TAG	PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS- REFERENCED TO THE APPROPRIATE DEFICIENCY)	(X6) COMPLIANCE DATE
N 002	1200-8-6 No Deficiencies  During the annual licensure survey conducted on 5/25/16, no deficiencies were cited under 1200-8-6, Standards for Nursing Homes.	N002		

Division of Health Care Facilities  
LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE

TITLE

DATE

STATE FORM

0601

M7N02'1



**AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF ~~WASHINGTON~~ *Unicoi*

*Judy Carver DeLoach, PRESIDENT*

, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

*Judy Carver DeLoach*  
SIGNATURE/TITLE  
*PRESIDENT / ADMINISTRATOR*

Sworn to and subscribed before me the *9<sup>th</sup>* day of September, 2016, a Notary Public for ~~Washington~~ *Unicoi* County, Tennessee.

*Patricia Ann Gentry*  
NOTARY PUBLIC

My commission expires *3/28/2018*.







## State of Tennessee

### Health Services and Development Agency

Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda) Phone: 615-741-2364 Fax: 615-741-9884

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November 1, 2016

Jerry Taylor, Esq.  
Burr & Forman  
511 Union Street, Suite 2300  
Nashville, TN 37219

RE: Certificate of Need Application -- Ivy Hall Nursing Home - CN1610-034  
The addition of one skilled nursing bed to the existing licensed 100 bed Ivy Hall Nursing Home located at 301 South Watauga Avenue, Elizabethton (Carter County), Tennessee.  
The estimated project cost is \$37,500

Dear Mr. Taylor:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need. Please be advised that your application is now considered to be complete by this office.

Your application is being forwarded to Trent Sansing at the Tennessee Department of Health for Certificate of Need review by the Division of Policy, Planning and Assessment. You may be contacted by Mr. Sansing or someone from his office for additional clarification while the application is under review by the Department. Mr. Sansing's contact information is [Trent.Sansing@tn.gov](mailto:Trent.Sansing@tn.gov) or 615-253-4702.

In accordance with Tennessee Code Annotated, §68-11-1607, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project will begin on November 1, 2016. The first 60 days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the 60-day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review. You will receive a copy of their findings. The Health Services and Development Agency will review your application on February 22, 2017.

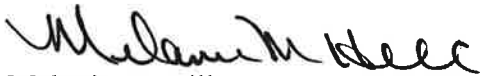
Mr. Taylor  
November 1, 2016  
Page 2

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (2) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (3) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,



Melanie M. Hill  
Executive Director

cc: Trent Sansing, TDH/Health Statistics, PPA



**State of Tennessee**

**Health Services and Development Agency**

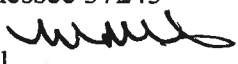
Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda) Phone: 615-741-2364 Fax: 615-741-9884

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MEMORANDUM

TO: Trent Sansing, CON Director  
Office of Policy, Planning and Assessment  
Division of Health Statistics  
Andrew Johnson Tower, 2nd Floor  
710 James Robertson Parkway  
Nashville, Tennessee 37243

FROM: Melanie M. Hill   
Executive Director

DATE: November 1, 2016

RE: Certificate of Need Application  
Ivy Hall Nursing Home - CN1610-034

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a sixty (60) day review period to begin on November 1, 2016 and end on January 1, 2017.

Should there be any questions regarding this application or the review cycle, please contact this office.

Enclosure

cc: Jerry Taylor, Esq.

— Hills etc



## LETTER OF INTENT TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Elizabethton Star which is a newspaper of general circulation in Carter County, Tennessee, on or before October 7, 2016 for one day.

=====

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that Ivy Hall, Inc., a Tennessee corporation, d/b/a Ivy Hall Nursing Home intends to file an application for a Certificate of Need for the addition of one (1) skilled nursing bed. No services are being initiated or discontinued. Ivy Hall Nursing Home is located at 301 South Watauga Avenue, Elizabethton, Carter County, Tennessee, 37643. Ivy Hall Nursing Home is licensed as a nursing home by the Tennessee Department of Health, Board for Licensing Health Care Facilities. The total estimated project cost is \$37,500.00.

The anticipated date of filing the application is October 12, 2016.

The contact person for this project is Jerry w. Taylor, Attorney who may be reached at: Burr & Forman, LLP, 511 Union Street, Suite 2300, Nashville, Tennessee, 37219, 615-724-3247; [jtaylor@burr.com](mailto:jtaylor@burr.com)

Signature

Date

The published Letter of Intent contains the following statement: Pursuant to T.C.A. § 68-11-1607(c)(1): (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

=====

\*

# Supplemental #1 -COPY-

IVY HALL NURSING HOME

CN1610-034

**October 25, 2016**

**11:09 am**

**SUPPLEMENTAL RESPONSES**

**CERTIFICATE OF NEED APPLICATION**

**FOR**

**IVY HALL NURSING HOME**

**The Addition of One Skilled Nursing Bed**

**Carter County, Tennessee**

**Project No. CN1610-034**

**October 25, 2016**

**Contact Person:**

**Jerry W. Taylor, Esq.  
Burr & Forman, LLP  
511 Union Street, Suite 2300  
Nashville, Tennessee 37219  
615-724-3247**

**October 25, 2016**

**11:09 am**

**1. Section A, Applicant Profile, Item 1 and Project Details, Item 4**

**The location of the applicant in the Letter of Intent is “301 South Watauga Avenue” while the application notes the location is “301 Watauga Avenue”. Please clarify.**

The correct USPS address is 301 South Watauga Avenue. The address on page 1 of the application was an oversight. A Replacement Page 1 is attached following this response.

**The applicant did not indicate if applicant has a web-site address. Please respond and submit replacement pages 1 and 5.**

The applicant does have a website. The URL address is [www.ivyhallnursinghome.com](http://www.ivyhallnursinghome.com).



**October 25, 2016****11:09 am****State of Tennessee****Health Services and Development Agency**

Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243

www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

**CERTIFICATE OF NEED APPLICATION****SECTION A: APPLICANT PROFILE****1. Name of Facility, Agency, or Institution**Ivy Hall Nursing Home  
Name301 South Watauga Avenue  
Street or RouteCarter  
CountyElizabethton  
CityTennessee  
State37643  
Zip Code

Website address: \_\_\_\_\_

*Note: The facility's name and address **must be** the name and address of the project and **must be** consistent with the Publication of Intent.*

**2. Contact Person Available for Responses to Questions**Jerry W. Taylor  
Name

Attorney

Title

Burr & Forman, LLP  
Company Name

jtaylor@burr.com

Email address

511 Union Street, Suite 2300  
Street or RouteNashville  
CityTN  
State37219  
Zip CodeAttorney  
Association with Owner615-724-3247  
Phone Number615-724-3248  
Fax Number

**NOTE:** **Section A** is intended to give the applicant an opportunity to describe the project. **Section B** addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, Contribution to the Orderly Development of Health Care, and the Quality Measures.

Please answer all questions on **8½" X 11" white paper, clearly typed and spaced, single or double-sided, in order and sequentially numbered. In answering, please type the question and the response.** All questions must be answered. If an item does not apply, please indicate "N/A" (not applicable). **Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment A.1, A.2, etc. The last page of the application should be a completed signed and notarized affidavit.**

**2. Section A. , Executive Summary, B. Rational for Approval**

**It is noted the applicant will use the existing isolation room for the additional nursing home bed. However, if approved please discuss where patients requiring isolation will be located if there is a future need.**

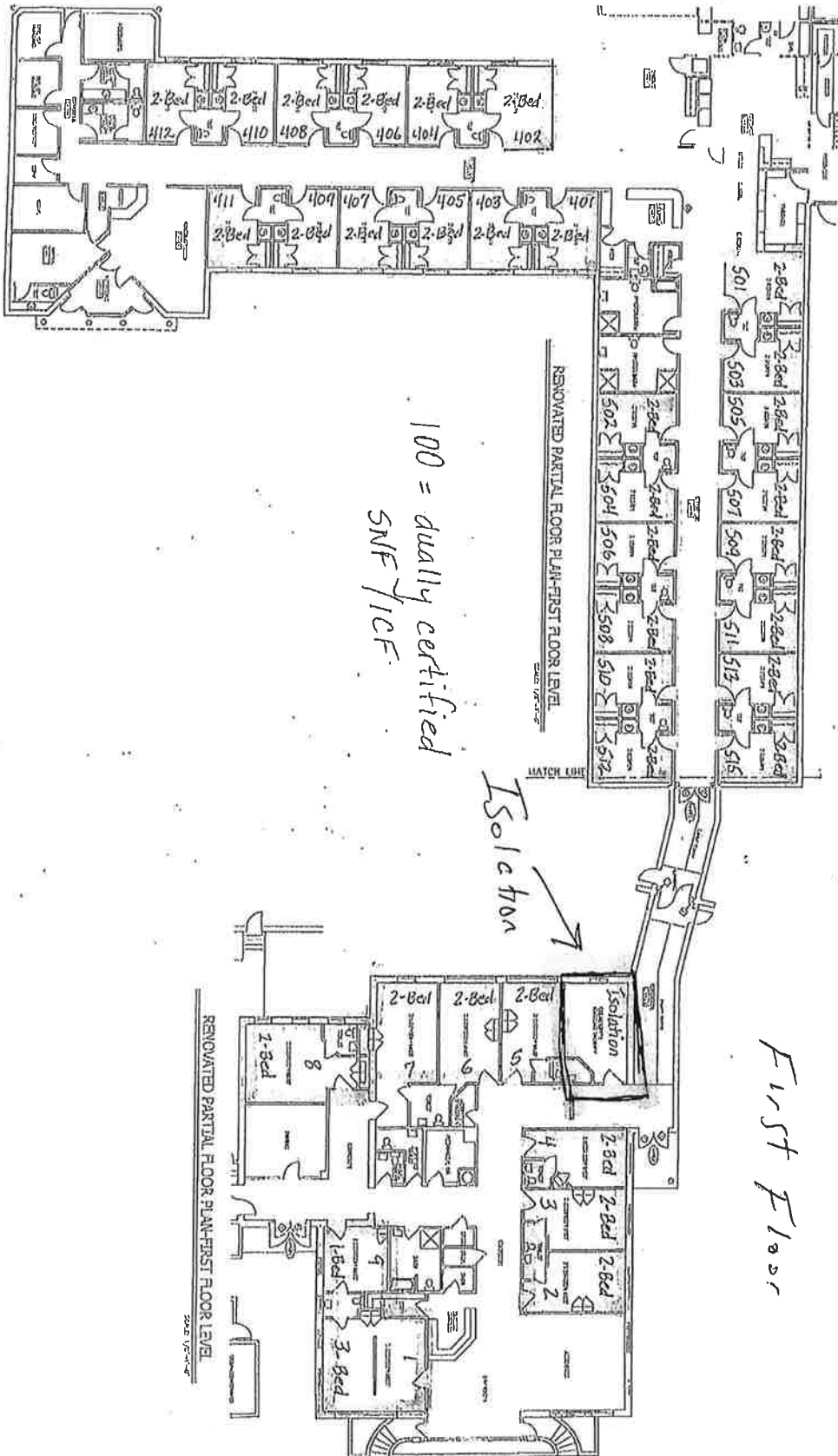
Resident care history reflects Ivy Hall Nursing Home has shown a need for an isolation room no more than a couple of times per year. Ivy Hall believes it could best utilize this space as an additional bed to accommodate more residents throughout the year as opposed to just a couple of times per year. As for accommodating future isolation needs if approved, Ivy Hall will place the isolation need resident(s) in an available private room.

**3. Section 6B.(1) Plot Plan**

**Please identify the location of the structure on the plot plan and location of the proposed one licensed bed addition.**

The isolation room is on the first floor and is so labeled on the attached floor plan. A plot plan with the approximate location noted is also attached following this response.

First Floor



11:09 am

Near intersection of Wabasha Avenue:  
of 1 Street, N 87° 58' 00"W - 200.00 feet to E  
Deloch. Thence with Deloch for three 1/4  
miles, N 87° 58' 00"W - 25.00 feet to a  
point on an iron pin corner to Victor and Judy Deal  
02° 08' 00"E - 150.00 feet to an iron pin found  
with the south side of N Street for two calls  
thence, S 87° 58' 00"E - 225.00 feet to the pt  
more or less.

HUD SURVEYOR'S CERTIFICATE

I hereby certify to the U.S. Department of Health Nursing Home, Inc. Love Funding Co. Corporation, Holland & Knight LLP, Kerner successors and assigns, that

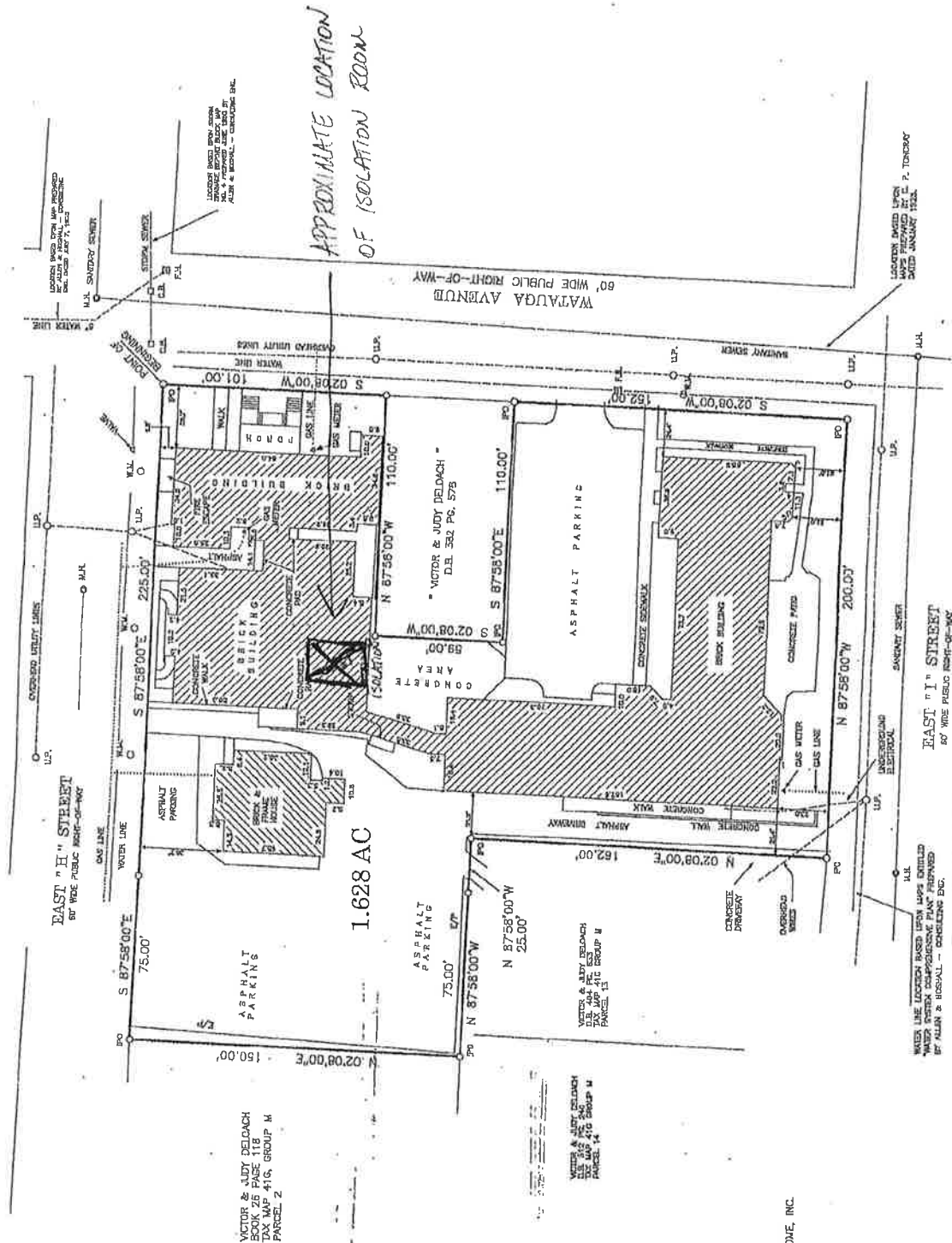
I made an on the ground survey per record located in Elizabethton, Carter County. Ten 20, 2008; and that it and this map was made Instructions and Report, Form HJD-92457, Survey, as defined in the Minimum Standards and Thin Surveys, dated 2005.

To the best of my knowledge, belief and faith are no encumbrances either way unless possession are the same, and the previous frequency flood hazard, and such flood free Insurance Rate Map, Community Parcel No. 2003.

Date July 20, 2009

TEL: Ivy Hall Nursing Home, Inc., Love Funding Insurance Corporation, Holland & Knight LLP, X  
P.C.

This is to certify that this map or plot and the as made in accordance with the "Minimum Standard ALTA/ACSM Land Title Surveys," jointly established by NSPS in 2006, and includes items 1.3-1.4, 7a, & 7b thereof. Pursuant to the Accuracy Standards as stated in the above recited statute, the undersigned, in effect on the date of this certification, undertakes, as a land surveyor registered with the State of Florida, to certify that this survey does not contain any errors or omissions that would be considered negligent by a reasonably prudent land surveyor.

Date: July 20, 2009

© MY HALL NURSING HOME INC.

PAGE 211  
PAGE 195  
PAGE 361  
PAGE 563  
PAGE 699  
PAGE 93  
PAGE 470  
PAGE 65 PG 531

**4. Section 6B. (3) Relationship to Public Transportation**

**Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.**

Ivy Hall is located in the heart of downtown Elizabethton approximately 6/10<sup>th</sup> of a mile from US Highway 321. Highway 321 (also named West Elk Avenue and Broad Street) is the main thoroughfare through Elizabethton.

Ivy Hall is on the public bus route, and a drop-off/pick-up is within 100 yards of the facility.

**5. Section B, Need Item 1. (Specific Criteria –Nursing Home) Item 14.B**

**Please indicate if there are any nursing homes in Carter County that has been identified by the TDH Regional Administrator as consistently noncomplying with quality assurance regulations, based on factors such as deficiency numbers outside of an average range or standards of the Medicare 5 Star program.**

According to the Department of Health, Division of Health Care Facilities website, no nursing homes in Carter County are so designated.

**6. Section C. Need, Item 6**

**The applicant appears to have listed question #7 as a response to Question #6. Please clarify.**

The response to question Section C, Need, Item 6 appears at the top of page 17 of the application, and is: "The Department of Health, Division of Health Statistics was the data source relied upon."

**7. Section C. Economic Feasibility 3 Historical Data Chart**

**There appears to be calculation errors in the Historical Data Chart. Please recalculate and submit a revised Historical Data Chart.**

A revised Historical Data Chart with the calculation errors corrected is attached following this response.

October 25, 2016

## HISTORICAL DATA CHART

☒ Total **11:09 am**  
☐ Project Only

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in \_\_ January

	Year: 2013	Year: 2014	Year: 2015
A. Utilization/Occupancy Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits) <b>Patient days</b>	34,833	35,159	35,322
B. Revenue from Services to Patients			
1. Inpatient Services	10,042,808	9,491,874	9,728,488
2. Outpatient Services	0	0	0
3. Emergency Services	0	0	0
4. Other Operating Revenue	46,704	22,270	31,539
Specify: _____			
<b>Gross Operating Revenue</b>	10,089,512	9,514,144	9,760,027
C. Deductions from Operating Revenue			
1. Contract Deductions	(2,056,137)	(1,863,909)	(1,700,759)
2. Provision for Charity Care	0	0	0
3. Provision for Bad Debt	(93,636)	(58,983)	(17,361)
<b>Total Deductions</b>	(2,149,773)	(1,922,892)	(1,718,120)
<b>NET OPERATING REVENUE</b>	7,939,739	7,591,252	8,041,907
D. Operating Expenses			
1. Salaries and Wages			
a. Direct Patient Care	2,224,533	2,220,423	2,234,164
b. Non-Patient Care	1,285,253	1,199,030	1,024,073
2. Physicians' Salaries and Wages	0	0	0
3. Supplies	1,042,092	945,242	868,260
4. Rent			
a. Paid to Affiliates	37,692	37,692	37,692
b. Paid to Non-Affiliates	51,705	52,935	59,820
5. Management Fees:			
a. Fees to Affiliates	0	0	0
b. Fees to Non-Affiliates	657,415	553,277	548,091
6. Other Operating Expenses	1,931,980	1,882,700	1,711,096
<b>Total Operating Expenses</b>	7,230,670	6,891,299	6,483,196
E. <b>Earnings Before Interest, Taxes, and Depreciation</b>	709,069	699,953	1,558,711
F. Non-Operating Expenses			
1. Taxes	273,029	333,799	478,782
2. Depreciation	382,697	377,593	382,558
3. Interest	346,118	339,407	333,874
4. Other Non-Operating Expenses	17,751	27,567	28,547
<b>Total Non-Operating Expenses</b>	1,019,595	1,078,366	1,223,761
<b>NET INCOME (LOSS)</b>	(310,526)	(378,413)	334,950
G. Other Deductions			
1. Annual Principal Debt Repayment	96,679	110,859	113,869
2. Annual Capital Expenditure	254,893	123,769	55,357
<b>Other Total Deductions</b>	351,572	234,628	169,226
<b>NET BALANCE</b>	(662,098)	(613,041)	165,724
<b>DEPRECIATION</b>	382,697	377,593	382,558
<b>FREE CASH FLOW (Net Balance + Depreciation)</b>	(279,401)	(235,448)	548,282

**SUPPLEMENTAL #1****October 25, 2016****11:09 am****HISTORICAL DATA CHART -- OTHER EXPENSES**

☒ Total Facility  
☐ Project Only

<u>OTHER EXPENSE CATEGORY</u>	Year: 2013	Year: 2014	Year: 2015	Year: 2014	Year: 2015
1. Professional Services Contracts			981,625	864,901	730,352
2. Contract Labor			94,502	115,286	58,926
3. Insurance			312,425	346,269	348,010
4. Education			2,883	2,769	3,545
5. Phone			13,436	15,679	14,091
6. Vehicle Expense			12,646	13,917	11,841
7. Travel & Meals			1,634	2,518	1,664
8. Outing & Special events			2,440	2,064	2,389
9. Payroll Taxes			271,087	255,027	260,005
10. Dues & Subs			35,040	36,524	44,007
11. Advertising - Staff			3,345	2,913	8,985
12. Marketing			4,786	4,275	5,093
13. Patient Memorials			1,712	1,515	1,527
14. Penalties / Late Charges			72	129	705
15. Bank Service Charge			1,029	1,511	1,603
16. Donations			800	1,364	500
17. Utilities			180,038	201,095	200,914
18. Employee Relations			12,480	14,944	16,939
<b>Total</b>			<b>1,931,980</b>	<b>1,882,700</b>	<b>1,711,096</b>

**PROJECTED DATA CHART -- OTHER REVENUE**

<u>OTHER REVENUE CATEGORY</u>			
1. Employee & Guest Meals	3,514	3,902	5,102
2. Interest Income	297	1,197	389
3. Cable TV & Phone	4,927	5,508	6,872
4. Gain/Loss Asset Disposal	0	(716)	0
5. Miscellaneous Income	61	2,483	384
6. Beauty & Barber Income	7,970	9,093	10,196
7. Bad Debt Recovery	9,052	802	7,597
8. Insurance Claim Proceeds	19,403	0	1,000
9. Private Room Differential Charges	1,480	0	0
<b>TOTAL OTHER REVENUE CATEGORY</b>	<b>46,704</b>	<b>22,269</b>	<b>31,540</b>

**8. Section C. Economic Feasibility Item 4 Projected Data Chart**

**There appears to be calculation errors in the Projected Data Chart. Please revise and submit a corrected Projected Data Chart if necessary.**

**Please specify "Other Operating Revenue" in B.4 in the amounts of \$27,443 and \$27,577.**

A revised Projected Data Chart with the calculation errors corrected and "Other Revenue" itemized is attached following this response.



**October 25, 2016****PROJECTED DATA CHART**

☒ **14.09 Clinic**  
☐ **Project Only**

Give information for the last two (2) years for which complete data are available for the facility or agency. The fiscal year begins in January (Month)

	Year: 2017	Year: 2018
A. Utilization/Occupancy Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits) <b>Patient days</b>	35945	36122
B. Revenue from Services to Patients		
1. Inpatient Services	9,802,385	9,850,436
2. Outpatient Services	0	0
3. Emergency Services	0	0
4. Other Operating Revenue	27,443	27,577
Specify: <u>See Attached</u>		
<b>Gross Operating Revenue</b>	<b>9,829,828</b>	<b>9,878,013</b>
C. Deductions from Operating Revenue		
1. Contract Deductions	1,817,981	1,826,892
2. Provision for Charity Care	0	0
3. Provision for Bad Debt	38,935	39,126
<b>Total Deductions</b>	<b>1,856,916</b>	<b>1,866,018</b>
<b>NET OPERATING REVENUE</b>	<b>7,972,912</b>	<b>8,011,995</b>
D. Operating Expenses		
1. Salaries and Wages	0	0
a. Direct Patient Care	2,271,839	2,282,976
b. Non-Patient Care	1,133,783	1,139,340
2. Physicians' Salaries and Wages	0	0
3. Supplies	924,886	929,420
4. Rent	0	0
a. Paid to Affiliates	38,446	38,634
b. Paid to Non-Affiliates	57,505	57,787
5. Management Fees:	0	0
a. Fees to Affiliates	0	0
b. Fees to Non-Affiliates	561,698	564,451
6. Other Operating Expenses	1,832,836	1,841,820
<b>Total Operating Expenses</b>	<b>6,820,993</b>	<b>6,854,428</b>
E. <b>Earnings Before Interest, Taxes, and Depreciation</b>	<b>1,151,919</b>	<b>1,157,567</b>
F. Non-Operating Expenses		
1. Taxes	414,416	416,448
2. Depreciation	387,677	378,577
3. Interest	343,373	345,057
4. Other Non-Operating Expenses	28,618	28,758
<b>Total Non-Operating Expenses</b>	<b>1,174,084</b>	<b>1,168,840</b>
<b>NET INCOME (LOSS)</b>	<b>(22,165)</b>	<b>(11,273)</b>
G. Other Deductions		
1. Estimated Annual Principal Debt Repayment	114,611	115,173
2. Annual Capital Expenditure	91,354	91,802
<b>Other Total Deductions</b>	<b>205,965</b>	<b>206,975</b>
<b>NET BALANCE</b>	<b>(228,130)</b>	<b>(218,248)</b>
<b>DEPRECIATION</b>	<b>387,677</b>	<b>389,577</b>
<b>FREE CASH FLOW (Net Balance + Depreciation)</b>	<b>159,547</b>	<b>171,329</b>

**October 25, 2016****11:09 am****PROJECTED DATA CHART -- OTHER EXPENSES**☒ Total Facility  
☐ Project Only

<u>OTHER EXPENSE CATEGORY</u>	Year: 2017	Year: 2018
1. Professional Services	813,579	817,567
2. Contract Labor	88,848	89,284
3. Insurance	354,082	355,818
4. Education	3,220	3,236
5. Phone	15,183	15,257
6. Vehicle Expense	13,137	13,201
7. Travel & Meals	2,133	2,143
8. Outing & Special Events	2,271	2,282
9. Payroll Taxes	262,666	263,954
10. Dues & Subs	41,071	41,272
11. Advertising - Staff	6,068	6,098
12. Marketing	4,778	4,801
13. Patient Memorials	1,551	1,559
14. Penalties / Late Charges	425	427
15. Bank Service Charges	1,588	1,596
16. Donations	951	955
17. Utilities	205,025	206,030
18. Employee Relations	16,260	16,340
<b>TOTAL OTHER EXPENSE CATEGORY</b>	<b>1,832,836</b>	<b>1,841,820</b>

**PROJECTED DATA CHART -- OTHER REVENUE**

<u>OTHER REVENUE CATEGORY</u>	Year: 2017	Year: 2018
1. Employee & Guest Meals	4,000	4,100
2. Interest Income	1,300	1,300
3. Cable TV & Phone	5,843	5,877
4. Gain/Loss Asset Disposal	1,000	1,000
5. Miscellaneous Income	3,500	3,500
6. Beauty & Barber Income	9,300	9,300
7. Bad Debt Recovery	2,500	2,500
<b>TOTAL OTHER REVENUE CATEGORY</b>	<b>27,443</b>	<b>27,577</b>

**9. Section C. Economic Feasibility, Item 6.C. Capitalization Ratio**

The figures used to calculate the capitalization ratio appears to include amounts from both the 2014 and 2015 audited balance sheet. Please clarify.

Please recalculate the capitalization ratio using the following formula:  
 $\text{Long Term Debt} / (\text{Long Term Debt} + \text{Total Equity}) \times 100$ .

The recalculated capitalization ratio with figures from the 2015 Audited Balance Sheet is as follows:

<b>From 2015 Audited Balance Sheet</b>	
<b>Long Term Debt:</b>	
<b>Mortgage Payable</b>	<b>\$5,266,890</b>
<b>Note Payable</b>	<b>\$30,619</b>
<b>Total Long Term Debt</b>	<b>\$5,297,509</b>
<b>Total Stockholder's Equity</b>	<b>(\$1,327,259)</b>
<b>Capitalization Ratio</b>	<b>133.43</b>

**10. Proof of Publication**

Please submit a copy of the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit which is supplied by the newspaper as proof of the publication of the letter of intent.

A Publishers Affidavit is attached following this response.

AFFP

CERTIFICATE OF NEED

**Affidavit of Publication**

STATE OF TENNESSEE } SS  
COUNTY OF CARTER }

Delaney Scaff, being duly sworn, says:

That she is General Manager of the Elizabethton Star, a daily newspaper of general circulation, printed and published in Elizabethton, Carter County, Tennessee; that the publication, a copy of which is attached hereto, was published in the said newspaper on the following dates:

October 07, 2016

That said newspaper was regularly issued and circulated on those dates.

The sum charged by the Newspaper for said publication does not exceed the lowest rate paid by commercial customers for an advertisement of similar size and frequency in the same newspaper in which the public notice appeared.

There are no agreements between the Elizabethton Star and the officer or attorney charged with the duty of placing the attached legal advertising notices whereby any advantage, gain or profit accrued to said officer or attorney.

SIGNED:

*Delaney Scaff*

General Manager

Subscribed to and sworn to me this 7th day of October 2016.

*Kristina Cruz*

Kristina Cruz, Notary Public, Carter County, Tennessee

My commission expires: June 04, 2017

04185554 00119065

Lisa Cawood-Gray  
Care Centers Management Consulting, Inc.  
2020 Northpark, Suite 2D  
Johnson City, TN 37604



**PUBLICATION OF INTENT  
TENNESSEE HEALTH SERVICES  
AND DEVELOPMENT AGENCY**

**NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED**

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that Ivy Hall, Inc., a Tennessee corporation, d/b/a Ivy Hall Nursing Home intends to file an application for a Certificate of Need for the addition of one (1) skilled nursing bed. No services are being initiated or discontinued. Ivy Hall Nursing Home is located at 301 South Watauga Avenue, Elizabethton, Carter County, Tennessee, 37643. Ivy Hall Nursing Home is licensed as a nursing home by the Tennessee Department of Health, Board for Licensing Health Care Facilities. The total estimated project cost is \$37,500.00.

The anticipated date of filing the application is October 12, 2016.

The contact person for this project is Jerry W. Taylor, Attorney who may be reached at: Burr & Forman, LLP, 511 Union Street, Suite 2300, Nashville, Tennessee 37219, 615-724-3247.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency  
Andrew Jackson Building  
502 Deaderick Street, 8<sup>th</sup> Floor  
Nashville, Tennessee 37243

Pursuant to T.C.A. § 68-11-1607(c)(1): (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

**October 25, 2016**

**11:09 am**

**AFFIDAVIT**

STATE OF TENNESSEE )

*Unicoi* )

COUNTY OF ~~CARTER~~ )

*Judy Cever Deloach* after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

*Judy Cever Deloach*  
Name

Sworn to and subscribed before me this the *26<sup>th</sup>* day of *October*, 2016, a Notary Public in and for ~~Carter~~ *Unicoi* County, Tennessee.

*Patricia Ann Gentry*  
Notary Public

My Commission Expires: *3/29/2018*.

